

Planning Department, Transportation Agency, Housing Agency, and Department of Liquor Control

Honorable Mason K. Chock
Honorable Gary L. Hooser
Honorable KipuKai Kuali'i
Honorable JoAnn A. Yukimura
Honorable Arryl Kaneshiro

Excused: Honorable Ross Kagawa
 Honorable Mel Rapozo

The Committee reconvened on April 11, 2016 at 9:19 a.m., and proceeded as follows:

Committee Chair Kaneshiro: Good morning. I would like to call back to order the Budget and Finance Committee and the Fiscal Year 2016-2017 Departmental Budget Reviews. On the schedule for today, April 11, 2016, we will be hearing from Planning, Transportation, Housing, and the Department of Liquor Control. As we do each morning, we will take public testimony. Anyone in the audience wishing to testify? Seeing none, I am going to suspend the rules. We have Mike Dahilig here from the Planning Department who is going to provide us with a quick presentation.

MICHAEL A. DAHILIG, Planning Director: Good morning, Chair Kaneshiro and Councilmembers. Again, thank you for having me and some of my department chiefs here this morning. Just as a reminder, this is a tax week, so do not forget to file your taxes accordingly. For the presentation this morning, what I will do is go over some of the highlights of our current fiscal year, what we are doing right now, what progress we are making on those goals, and then kind of layout for the Council what our anticipated goals are starting with next fiscal year. I will go through the challenges that we are going to be facing with respect to the upcoming fiscal year, and then I will dive right into the budget request to kind of contextualize what our ask is for this proposed budget. Since we met for budget in the middle of last spring, our department has been busy pushing forward many initiatives and projects and strengthening our County's Planning Department. We only have so much time this morning, so I would just like to highlight a few of those achievements. We are currently undergoing the Kaua'i General Plan process. That is something that we launched this past fall and we are actively going through it, I would say from a business work standpoint. We are about halfway there and we have been getting a lot of good feedback, making some adjustments based on the public comment, and we are moving forward on it very successfully. We did get our Līhu'e Community Plan passed thanks to the efforts of this Council and that plan is now being implemented accordingly. We also passed the South Kaua'i Community Plan. Again, thank you to the Council for passing that out this past year. I do want to just highlight that the South Kaua'i Community Plan actually won the top two awards at the American Planning Association (APA) Hawai'i meeting this past year. It is indicative of the kind of excellence that our staff has been able to reach towards and be able to achieve. We have been working very steadily on the homestay and interim zoning law. As you know, there are two (2) bills currently before this Council, and you will hear them this upcoming Wednesday, but that has taken a lot of effort for us to both implement Ordinance No. 987, as well as look at ways

to permanently address items relating to homestays. Finally, the big fish that we were able to help land, along with the Department of Public Works and the Transportation Agency, is the Transportation Investment Generating Economic Recovery (TIGER) grant. Again, that is something that does have an effect in some of our budget asks this upcoming fiscal year, which I will get into that in just a minute. Just an overview, I am pretty satisfied that we have been meeting our fiscal year 2016 targets that we outlaid for the Council this past year. In particular, I know enforcement has been something that the Council has been keenly interested in and I do want to highlight that we are making strides toward excellence and efficiency. This past Thursday, our hearings officer ruled in our favor, and in fact, increased the fine amount that we asked for, so it shows the work product we are able to put together, as well as our persistence in trying to enforce the law is working; however, we are still caught up in the due process elements of that. Just a further highlight for the Council, some of these statistics were given to the Council a few months ago when we did the Transient Vacation Rental (TVR) briefing. Again, it just gives you a flavor of where we are in our ever growing enforcement program.

Given some of those highlights, I would like to just go into some of the goals that we are looking at for this upcoming year. They kind of center around four (4) main areas and these areas talk about planning implementation. I think we do have two (2) active plans and we want those plans to actually be active, not just sitting on a shelf or a coffee table; we want them to move forward. We are going to continue our efforts in implementation. This is a new one this year. We want to target Open Space acquisitions. This is something that our department has consistently tried to tool around with, and we have struggled with it, I will say, but I think we have found some ways to be more persistent and more efficient in our Open Space acquisition process. We are still going through the General Plan, as I mentioned earlier. That is a goal of ours. We want to get that thing completed and to the Council for approval. The more those types of things languish, the less likely it would be able to persist, so we want to make sure that is taken care of. Finally, we do want to continue our pressure on enforcement with illegal transient vacation rentals.

Just as a comparison for the Council, these were the three (3) goals that we had this last fiscal year, as compared to the four (4). You can see the comparison between the two (2) fiscal year goals and then you will see in 2017 our four (4) highlights. Let me just go into it a little bit so you can understand when I talk about these things. We want to prioritize the TIGER workload as part of planning implementation. We also do want to talk about community building. This does have an effect on our budget. I do want to get into it a little bit with the Council. Given that the TIGER grant is going to be putting in a lot of physical assets, we need to also make sure that the community building matches that physical asset...I guess that is as constructed. Along with that, we do want to look at Rice Street redevelopment outreach and identity efforts as part of that capacity building in business that we want to try to support as part of implementation. We also want to let the community know about the South Kua'i Community Plan. There is a form-based code that is out there that does allow for a lot more infill and a lot more construction within these already dense areas. Finally, we want to look at and continue to propose changes to the Comprehensive Zoning Ordinance (CZO) to implement both of those plans that were passed by the Council this past year. With respect to Open Space, what we want to do is continue looking at revising procedures with the Open Space Commission on better acquisition

strategies. We have been able to get the ball almost to the finish line, but it is that red-zone effort that we struggle with in terms of being able to complete the transaction. So we have been able to work on an agreement with the Hawaiian Islands Land Trust (HILT), where they are partnered with us and they will be handling the negotiations in tandem with us to help engage the landowner and come to a point of purchase and recordation. So that is what we are going to try to persist on this upcoming year.

As I mentioned earlier, the completion of the General Plan—we want to aim towards having a deliverable to the Planning Commission by late fall of 2016. That is our contract goal and we want to, as much as possible, try to stick to that contract goal and remain on time and on budget.

Finally, with respect to transient vacation rentals, we want to now begin rechecking those previous rentals that have been cited to ensure continued compliance. We find that once we shut something down, they lay low, and then they reappear again. We need to make sure that cycle is permanently closed versus it turning into a “cat and mouse game.” We anticipate some kind of homestay policy will be implemented by this Council at some point over the next couple of months. We anticipate having to prioritize implementing that new ordinance, if approved by the Council next fiscal year. We do want to build on our active enforcement program and we are already doing web and media research. A couple of fines that have come out as a consequence of web and media research, and we want to actually scale that up and see what we can do to more actively enhance our enforcement program.

This was another one that is coming up. As we mentioned to the Council in a previous meeting on TVRs, we do spend a lot of money on contested case hearings. It is a very large sum. So what we are asking the Charter Review Commission, and they have approved, is to put before the electorate a “Zoning Board of Appeals.” If that amendment does pass, what it will do is it will allow a bifurcation of the duties of Planning Commission so that we have one that handles policy and permit applications. The other one handles all of the appeals that we were generating as a consequence of enforcement to try to lessen the amount of contested case hearing costs that we are currently accruing. On top of that, as we mentioned earlier in the previous discussion, we want to work with the County Attorney’s Office to avoid clogging the due process system because it does create a backlog in their office and inefficiencies as well. Like anything, having a well-trained staff and having the staff that is able to put together the evidence necessary to win these cases, we want to build on that and continue the training and staff-building.

With respect to the upcoming year, there are a few challenges that we continue to encounter as we move forward. This is a challenge that I continually bring up and I will get into it in a second, but we are severely, severely constrained by the amount of office space that we have. We can only get efficiencies so far without being able to actually organize ourselves, physically and accordingly, to match that desire for efficiency. We have been asking for this for many years and we continue to raise this as an issue. The expectation of our department is to continue down that road of efficiency. We still have challenges in meeting the Coastal Zone Management (CZM) grant match. Just as a background, we received funds through the United States Department of Commerce through the National

Oceanic and Atmospheric Administration (NOAA). The Office of Planning does provide those grant match moneys to us, as long as we are able to do an in-kind match. In-kind matches are generated based off of the amount of County-paid staff time that we are able to generate and we are having issues concerning the amount of intake in permits that we are processing to help match that grant. We want to continue maintaining momentum with enforcement. As you are aware, we are starting to see the nascent stages of successful wins here and we want to continue that momentum as we go into next year. Finally, we are a full participant and we want to continue building on how we can more efficiently and more robustly implement our ePlan Review process.

Just going back to the office space, the space studies have shown that our office only has about half of the office space needed, given the amount of employees and files that we have on staff. We have been waiting a long time for the next space and we do have Occupational Safety and Health Administration (OSHA) issues, I think, that we want to address. Accordingly, we have staff and files located in five (5) different places and three (3) different places around the County. Here is just an image in terms of physically...when you are talking about the Planning Department, all the red circles are where our files are and all of the green circles are where I have staff. So you can imagine trying to integrate and manage information and manage staff in this...we actually have TVR permits now located in the Housing Agency. Thank you to Kanani to allow us to store stuff there, but you can imagine that every time we need a file from the main office, we have to run over to the Housing Agency to actually get a TVR file. That type of inefficiency really leaves us at a leveling-off point as to how much we can actually do to gain better work product and do things in less time.

As I mentioned also, due process. You have seen this chart many times. This is a challenge for us as we try to meet these due process obligations, as required under the Constitution. So these are the things that we are still trying to address efficiently, like with the Zoning Board of Appeals charter amendment and with the County Attorney's Office.

Given those challenges and given what you have seen with our achievements, let me just go into what our budget proposal is for this upcoming year. You will notice that the salary and benefits reflect the natural increase as a consequence of collective bargaining costs, but you will notice a large increase in operational costs. The largest increase of forty-two point three percent (42.3%) addresses two (2) items, specifically, the two (2) goal items that we wanted to get into. One is the lack of CZM in-kind match, as well as the desire to want to start building on community building as we anticipate the construction of the Rice Street improvements. Again, there was an eight point seven percent (8.7%) increase overall, again, based on collective bargaining mostly, but we do have that CZM match and the micro-funding for the Rice Street redevelopment. We also do see a little bit of an increase and a large contractual cost that we do have relates to the Coastal Extension Agent that we hire through Sea Grant. Our County does not have a coastal engineer or coastal geologist, so we rely on the expertise of the University of Hawai'i and the Sea Grant program to actually support a lot of our science-based policy and implementation efforts along the coast. If you look at the budget distribution over this last year and this year, you

will notice that it is relatively the same; just a little bit of an uptake in operational cost, as compared to salaries and benefits.

I know that the Council has been keenly interested in what has been going on with our vacant positions are how we are filling them. This matrix takes a look at the position movements that were in Fiscal Year 2016's budget, what we have done over the past year and where we are right now in terms of the Fiscal Year 2017 proposal. You will see five (5) positions: 2004 Planner VII, Planner III, Planner V, Planner VII, and Inspector III. Vacancies have either been created as a consequence of departures, retirements, or as reclassifications. I am pleased to say that we do have our two (2) Planning Program Managers onboard now that we have hired both at position 2004 and 2010. Two (2) vacancies that we have had have cleared vacancy review; that is our Planner V that was vacated due to a promotional assignment to the Planning Program Manager. That is being retooled to address some of the historic compliance needs, increasing historic compliance needs that are coming in as a consequence of court cases that have come down. We do have an Inspector III that has been reauthorized by the Vacancy Review and we are actually out for recruitment. Both of those positions, we are asking for only nine (9) month funding because of the recruitment process and anticipation of hiring three (3) months into the fiscal year.

With respect to the Planning Commission, you will notice it is pretty much flat-funding across the board. You will notice that there is one increase and that is operational. In the large part, a lot of that is really related to...the department is hosting the Hawai'i Conference of Planning Officials this year. We host it once every five (5) years. These are costs to offset and ensure that all of the Planning Commissioners and all of the Historic Preservation Commissioners are able to attend that conference. Otherwise, like I mentioned earlier, everything is level support for the commission and we are still asking for the continued funding for the hearing's officer due to due process cases. We are moving and migrating some of the travel costs that were initially bundled both for staff and commission over to our budget. With that, Chair, that is our presentation.

Committee Chair Kaneshiro: Thank you. That was a good presentation. Thank you for hitting up on all of those budget items. Do we have questions for Planning? Councilmember Chock.

Councilmember Chock: Thank you, Chair. I apologize for being late. I was at the Salary Commission meeting. My question is about the line item on the budget. I think it is Special Projects, Rice Street. Do you have an event that is scheduled that you are funding?

Mr. Dahilig: Actually, this is something that contextually as we look at the Rice Street improvements coming in with the TIGER grant, as well as that is an area based off of policy from the Council, both in the Līhu'e Town Core Ordinances and the Līhu'e Community Plan. That has been earmarked for redevelopment. We do have a Līhu'e Business Association that is very active; however, we are looking at that specific area as targeted for some type of greater community development from a business standpoint. As those improvements go in, the logical question is, "Who is going to maintain

these things?" The best practice that we have seen across the country has been situations where business associations have taken ownership of maintenance of some of these facilities. I think that kind of situation helps promote the sustainability of this infrastructure, as well as promotes public/private partnerships. It becomes a win-win situation for that area. What we would like to do with this micro-funding is to try to help organize the businesses along Rice Street to try to maybe look at either engaging the Lihue Business Association or creating their own business association to try to start getting an identity. We are already helping to fund some of the identity efforts regarding Rice Street and that would be rolling out shortly as part of previous CIP funding that has come out from this Council. We see it as an opportunity to try to community organize/business organize and have an identity, and at some point, once they have the capacity hopefully to financially and physically support the maintenance efforts of the infrastructure that will be coming along Rice Street.

Committee Chair Kaneshiro: I have a follow-up. How much more money do you see spending on this? How long of an effort is this? Do you think within this year we will have a good idea or do you think it is going to take a few years? I am not sure how long the TIGER grant will take, as far as implementing the road improvements.

Mr. Dahilig: I figure the construction schedule at this point is based off of...do not hold me to this, but this is what we are looking at. Year 2021 is when we anticipate full build-out of the total TIGER grant. There is a five (5) to six (6) year period to try to stoke the fire along the businesses along Rice Street and try to have them build capacity. This money is meant to support minor things such as "do they need maybe assistance to organize with respect to a 501(c)(3) or some type of organization" or they may need items to try to help have them try a couple of events or whatnot. We call it "micro-funding" because it is not a large amount of money and the reality is that we are just trying to provide the catalyst and the seed money for these folks to get actually get together, start to build themselves into a sustainable organization, and hopefully that can help carry five (5) years out the ability to at least keep an eye and look at whatever landscaping or keeping the streets swept or those types of things. As we realize in best practices around the country, good-looking communities is good business. If we are able to impress upon them the ownership of that, I think that lessens the attention the County needs to pay towards all of these things that are going in.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: I have a couple more questions. You mentioned the persistence of Open Space acquisitions and I know that we are going through determining the process and criteria, so I was wondering if we vetted that fully and if we can have an update soon.

Mr. Dahilig: Yes. In a separate update, we can certainly brief the Council in terms of what rules and changes we have made. We did get to go through the Small Business Regulatory Review Board in Honolulu, so they have been able to look at the proposed rules that the commission feels comfortable, with respect to the rules of engagement and communication. I think we are open to other items with respect to

prioritization. We are open to having those discussions. We are consistently hitting this ceiling once we get to a point of needing acquisition. So that is where I think some of our attention also has to be focused, is how do we get across the finish line? We continue to get into the red zone with these things, but making that final push first and ten (10) on the twenty (20) has been very difficult. As the situation is fluid...if there are other changes that after the rules are passed by the Commission, we should take a look by ordinance. I think our department is more than happy to have that discussion.

Councilmember Chock: Thank you for the update.

Committee Chair Kaneshiro: I have a question on the UH Sea Grant. I know it is a recurring item, but I cannot remember if I asked last year what it was, but can you just give a description of what that UH Sea Grant is?

Mr. Dahilig: The UH Sea Grant extension program is where you have coastal scientists and coastal engineers that are university employees that are deployed into communities to help guide and assist with scientific information concerning policy adoption, permitting, and construction. We have had this longstanding extension agent attached to our department. I think Ruby is the fourth individual that we have had in that position and what she provides us is the technical information upon which to allow us to make advice and assist with policy development with respect to coastlines. Most notably right now, Ruby is assisting our department in helping the salt farmers out in Hanapēpē understand some of the coastal dynamics that may be contributing to their difficulty in being able to pull salt over the past few years. I think that illustrates the value of having an on-island coastal extension agent that does work interactively with our department. Her breadth of work ranges everything from permit review to looking at revetments, taking a look at coastal erosion, and looking at and identifying anthropological or environmental causes of certain issues along the coast. Her workload definitely is varied, but that is the purpose of that position, which is to provide that scientific expertise.

Committee Chair Kaneshiro: So the Sea Grant is under?

Mr. Dahilig: Consultant Services.

Committee Chair Kaneshiro: That is for her?

Mr. Dahilig: Yes.

Committee Chair Kaneshiro: Okay. Is that in collaboration with the CZM also? Do those projects work together?

Mr. Dahilig: They are separate.

Committee Chair Kaneshiro: Okay, so the CZM grant is a totally separate thing, but it has to do with coastal erosion?

Mr. Dahilig: No, the CZM grant has to do with coastal planning. The Coastal Zone Management Act, which was passed by the US Congress, is a “carrot and stick” type of federal program that tries to gain consistency in coastal planning across the United States. The State Legislature adopted the State’s Coastal Zone Management Act in the ‘70s. Councilmember Yukimura can probably correct me if I am wrong. At that point, we received funds if we have laws that align with this program. So what you will notice in the consolidated budget worksheet is that we have four (4) positions that are funded directly through the Coastal Zone Management Act; one of them is a Planner, another one is an Inspector, another one is a Plan Tech who reviews plans, and then another one is administrative support for that program because we need to document all of the money that moves in and out of the grant. That money is meant to compel consistency with coastal protection and the principles of the Federal Coastal Zone Management Act. That particular program is separate and apart from what the UH Sea Grant does, which provides us technical expertise.

Committee Chair Kaneshiro: We received some grant money for the CZM and we need to provide...is there a certain match number that we need to provide?

Mr. Dahilig: It is loosely 1:1. It varies based on what amount the State is able to contribute as persistence of effort at the Office of Planning. Our match has actually increased since the budget cuts in 2008, because the Office of Planning has actually had most of its staff stripped. So that 1:1 federal match—we are consolidated along with Maui, Hawai’i island, and the State, so the State is the head grantee so they have to match 1:1, but the State throws in moneys that leaves us the opportunity to not have to match necessarily 1:1. Our affect is that we try to aim for a 1:1 match. We do not always hit it all the time, but with all of the caveats, because I tend to be verbose and quite legally sometimes, it is loosely a 1:1 match.

Committee Chair Kaneshiro: Do we typically reach that match or sometimes we might have had staffing shortages?

Mr. Dahilig: We have had issues in meeting the match when all four (4) vacancies were filled. I think we want to have all of our coastal programs fully running. But just due to vacancies where people leave the County or that type of thing, we generally have some buffer, but we anticipate wanting to make sure that is fully operational.

Committee Chair Kaneshiro: Okay. Councilmember Chock.

Councilmember Chock: Mike, I have been to your office last week and it is a shame, so what do we have to do in order to...I see the challenge...you have written multiple slides on it today in terms of the challenge, but what is holding us back, where do we need to be, and how are we going to get there?

Mr. Dahilig: I think we are at a place where we have finally engaged an architect and we have had initial meetings with the architect on space planning. That is about all we have had in terms of progress on that level. The fact that

we have been able to move that far already...at least there is some forward progress. In terms of when the CIP for that will actually be authorized, I think as I have heard, a lot of it is incumbent on finding additional revenues. At this point, I cannot state when the funding for construction will actually be, but we are at least on planning and design at this point.

Councilmember Chock: Would you be to follow-up just to get a forecast on when we might be trying to procure those funds? Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Good morning, Mike.

Mr. Dahilig: Good morning.

Councilmember Yukimura: I have a follow-up to the question about your space needs because I do understand it is critical. You folks are slated for the other part of the Civic Center that is being developed, right?

Mr. Dahilig: Right. This would be across the Fire Department.

Councilmember Yukimura: That is going to bring you all together?

Mr. Dahilig: That should.

Councilmember Yukimura: So that is really a good target to work for and it is just the timetable in the development of that, that you are not clear about.

Mr. Dahilig: Right. I think like anything, we can make all of the plans and draw them all up, but unless there is funding to actually construct the improvements—that I do not have an idea of where that would be in the budget.

Councilmember Yukimura: Okay. The Department of Public Works is in charge of that, right?

Mr. Dahilig: Yes.

Councilmember Yukimura: Do you know who the lead person is?

Mr. Dahilig: Larry and Lyle have been working on it. I believe it is with the Building Division.

Councilmember Yukimura: So that should ensure sufficient space for the next twenty (20) or thirty (30) years presumably? Are you designing and planning for that?

Mr. Dahilig: In our initial meeting with the architects, the philosophy behind the design is less focused on, I guess, hard laws versus things that are flexible. So down the line, if space needs to be reallocated or changed, we are not running up against space impediments because of fixed walls. I think what is most critical for us is having all the files consolidated nearby. That is what we have been trying to get towards, but obviously because of our severe space limitations we have not been able to consolidate our files. I think at this juncture, that is as much as I know, but our desire is to try to have a space that is flexible; a space that can evolve with the needs in case the Planning Department grows over time or does adjust in terms of the structure that we are not having to gerrymander spaces again like we are right now.

Councilmember Yukimura: That is all very good. The thing though is that as we move into the 21st century, will the issue of files really not turn into an Information Technology (IT) issue?

Mr. Dahilig: It is something that we want to and we have been trying to migrate towards. I think in terms of our physical paper intake, that has lessened, but there will always be some degree of paper that will remain in our system until we can actually make the very large investment to catalog and scan those files in, as well as reference it accordingly. So in previous budgets, I have mentioned our philosophy behind turning off the tap where we have required digital intake now of our filing. We are migrating and trying to get teed up so that if we go to a lesser paper system and to a more digital system, that file management will be less relied upon. We still have stuff because of the nature of our work that goes back well before the '50s. We still need to retain those documents and until we can get a land use management system in place that will actually tag those items if they are scanned in—I do not feel comfortable being in a position where we would want to dispose of those items prematurely.

Councilmember Yukimura: Well, and you do not want to scan things into a system that you do not really know what that system is that is really garbage in and garbage out.

Mr. Dahilig: Right.

Councilmember Yukimura: It is really commendable that you folks are working on this land use information system and Brandon Raines described it in his budget. That seems like a good thing to work on while you are waiting for the physical space. Do you have a vision for how it will be in the next five (5) years, mainly in terms of your files and your operations? Is there an office somewhere in the United States, maybe around the world, where that is what you want to migrate to, as you said?

Mr. Dahilig: I think it is something similar to what you would see with a doctor's office. Is there is a physical characterization to answer your question, it is something where we are able to comprehensively catalog everything in one place, and then be able to identify things very quickly; like those space saver file things that move with the wheel on the tracks or whatever. I think that is as simple as we want it. We do not want something that becomes too hard to understand.

Councilmember Yukimura: It seems like the sequence would be you get a clear system in place and the new incoming applications are going to be digital or are digital already, and they would be automatically put into this IT system that you have, the land use information system.

Mr. Dahilig: Right.

Councilmember Yukimura: So then it is really the backlog or the history of land, which is constantly changing, that you have to get into the system.

Mr. Dahilig: That is part of it. I think also currently, as much as we have tried to go digital, we are addicted to paper.

Councilmember Yukimura: I know that personally.

Mr. Dahilig: I think it is a situation where for instance, in order for our ePlan system to fully work to its fullest potential, we do need a system that is all digital. I agree with what many of my counterpart agencies have wanted to get towards is—currently, we run two (2) processes; we run a digital process and we run a serial paper process. We are concerned about going fully digital because of the community's ability to also engage the permit process without paper. A lot of times, we see people that submit the paper plans are people that either draw them up themselves or they are being assisted. The computer literacy element I think is what we are worried about in terms of disenfranchising people that want to engage the permitting system because we go all digital. So until we get to that point of being proficient in our digital process and we can fully feel comfortable that the public can engage the process without feeling disenfranchised from it is when you will see you go all digital.

Councilmember Yukimura: Okay. When I look at what Robbie Alm did at the Department of Commerce and Consumer Affairs (DCCA), they created the system and then they trained the public. They offered training sessions for how to input into the digital system. Do you have a timetable for when the land use information system will be in place sufficiently so that you can begin to input the backlog of the historical data or the archival data?

Mr. Dahilig: I do not think we have a specific timeline per se. We looked at what the City and County of Honolulu did to migrate to a digital system and it took them almost a decade to do so. The movement to such a system is something that does not happen even in a matter of fiscal years; it is many fiscal years. Where we are right now, and thanks to Brandon's leadership on this, has been to retain somebody that is familiar with this migration into a system like this. It is helping us identify our business processes accordingly. When we did the ePlan Review, there was not much of a detailed discussion in terms of what are the nuances behind every department's business processes, and it is generally a relation to how our ordinances are set up. So that is what we are doing right now. I think at that point, once we are clear on that and agree that these are our business processes, can we then look at vendor-provided software that can essentially meet our needs accordingly? We do not want to just go and buy something and it does not match

what we need. We have to kind of go through that work. We had Brandon set up, through the consultant, a number of working groups that have our line guys versus guys like me, who are sitting in an office that are actually saying, "This is how we do it and this is what we need." Until that process moves forward, I do not think I can provide a timeline as to when we will be able to purchase the software.

Councilmember Yukimura: Is it reasonable to say that in the next year you might, at the end of this fiscal year...not this one, but the one we are talking about, Fiscal Year 2017, you would be able to have some timeline?

Mr. Dahilig: I would like to, but again, I think that is largely a question that needs to go over to the Department of Finance.

Councilmember Yukimura: Okay. Thank you.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: Good morning, Mike.

Mr. Dahilig: Good morning.

Councilmember Kualii: Thank you for your slide on the positions. It answered most of my questions. I do have a few others though. For position 2027, Planner IV, so you have nine (9) month funding and it shows in the budget nine (9) months. That was a reallocation that completed in August 16th, down from five (5).

Mr. Dahilig: Yes.

Councilmember Kualii: You filled it on January 16th. No, it was vacant since January 16th. You expect to fill it in the new fiscal year. Is the thirty-six thousand seven hundred ninety-two dollars (\$36,792) the full amount for nine (9) month funding? If I wanted the full year's funding, I would just divide that by three (3) and multiply it by four (4)?

Mr. Dahilig: Yes.

Councilmember Kualii: So the full year's funding is forty-nine thousand dollars (\$49,000).

Mr. Dahilig: Yes.

Councilmember Kualii: So the other position that you mentioned is nine (9) months, 2005, Planning Inspector III.

Mr. Dahilig: Yes.

Councilmember Kualii: That one, unlike the one above, does not show nine (9) months in parenthesis. Did the budgeting not make it to the nine (9) month level or is that thirty-three six hundred fifty-five dollars (\$33,655) also the nine (9) month level?

Mr. Dahilig: There is a double asterisk at the bottom of the position list. One was done in parenthesis and the other was done through an asterisk.

Councilmember Kualii: Okay. So it is already the nine (9) month funding. So for the full year, it is forty-five thousand dollars (\$45,000).

Mr. Dahilig: Yes.

Councilmember Kualii: The position 2010—so, I saw on the new hire report, and you are saying that was Planner VII and it is newly hired on December 16, 2015.

Mr. Dahilig: Yes.

Councilmember Kualii: I guess the thing I would want on this as I have been asking for a lot of positions is the salary history and the proposed increases...salary raises, because it started in December, so maybe there was a raise in January and there is a proposed raise in July and maybe another one in the following year of January. I will submit that in writing to you, but basically what the plan is for that specific position now that it is reallocated and filled. Back up above, 2008 Planning V, so that is another Planning V that you did not reallocate that does remain vacant. It was dollar-funded last year. Are you planning to dollar-fund it again this year?

Mr. Dahilig: Yes.

Councilmember Kualii: So you are projecting future need, but maybe difficulty in filling, so you just want us to have that flexibility.

Mr. Dahilig: Yes, that position is vacant as a consequence of the assignment of my Deputy Director. That is what that is.

Councilmember Kualii: Okay. I noticed how some of these are involving promotions, too. The 9754—I do not remember if you said something about that when you were you talking about Open Space, but “Open Space Public Access Specialist.” Was that filled last year and somebody left?

Mr. Dahilig: The incumbent has remained in that position for many years now. What we have done, and this was initiated last fiscal year, is given the amount of money that has accrued in the Open Space Fund, to utilize the resources out of those moneys given the Charter authorization, we decided to dollar-fund the position and draw out of the Open Space Fund and just ask for the position authorization at this point.

Councilmember Kuali'i: So the position is filled. It is being paid for by the other fund?

Mr. Dahilig: Yes.

Councilmember Kuali'i: Okay. There was no asterisk there to explain that one. Okay.

Mr. Dahilig: Just for your information, the salary is fifty-three thousand five hundred fifty dollars (\$53,550) out of the Open Space Fund.

Councilmember Kuali'i: Okay. So then is it the same thing as far as vacancy dollar-funded, the 2031 GIS Analyst?

Mr. Dahilig: Right.

Councilmember Kuali'i: Last year it was dollar-funded and it is being proposed to be dollar-funded again.

Mr. Dahilig: Yes.

Councilmember Kuali'i: "T-2021"—I saw that it says "2021" in the budget, but I saw it in the vacancy report...or the new hire report is "T-2021," so Land Use Permit Technician.

Mr. Dahilig: Right.

Councilmember Kuali'i: There is an asterisk there, so fully funded by other source. What is the difference between "2021" and "T-2021?"

Mr. Dahilig: I could not answer that. I know that all four (4) positions 2021, 2017, 2020, and 2019 are all positions that do come out of the CZM grant. They are limited-term civil service positions unionized, so they understand that the funding source is a soft fund and not a hard-funded source. I could not explain why the "T" is there, but I can certainly try to reply in writing to answer that question.

Councilmember Kuali'i: Thanks. I just noticed that 2021 used to not have the "T" and now it has the "T." 2019 has the "T" and 2017 and 2020 does not. But they all have the asterisk and they are all paid by this CZM grant you just mentioned.

Mr. Dahilig: Yes.

Councilmember Kuali'i: So then just the other thing, I will request all of the salary information for those positions.

Mr. Dahilig: Sure. It is provided in our consolidated sheet as well, but we can resubmit.

Councilmember Kualii: Where is that consolidated sheet?

Mr. Dahilig: It is a presentation.

Committee Chair Kaneshiro: It is part of the initial budget presentation we received earlier, the last pages.

Councilmember Kualii: Okay. Thank you.

Committee Chair Kaneshiro: Councilmember Hooser.

Councilmember Hooser: Good morning. I apologize for being late earlier. I was stuck in the Kapa'a traffic and I hate to waste everyone's time, so I apologize.

Mr. Dahilig: No problem.

Councilmember Hooser: With regard to the position that Councilmember Kualii was talking about, the Open Space, Public Access position, what exactly does that position do?

Mr. Dahilig: That position facilitates the review process that is done by the Open Space Commission. So the nine (9) member commission is a working body, not a consultation body. She is essentially the planner that is deployed to do the work product, as well as set up the meetings and engage with the commission members. As the need for acquisition support has become very apparent...when this position was initially thought of, it was meant just as commission support, so that is where the partnership with the Hawaiian Islands Land Trust is coming in to help us with the actual conveyance items, the negotiation items. What her position does is essentially the annual reports as required by law, as well as facilitating the commission meetings and doing any of the research work that is necessary to support potential acquisitions that are reviewed by the commission.

Councilmember Hooser: Is that full-time?

Mr. Dahilig: That is a full-time position.

Councilmember Hooser: So that person spends full-time working on Open Space, Public Access?

Mr. Dahilig: Yes.

Councilmember Hooser: How many acquisitions have we made?

Mr. Dahilig: Two (2).

Councilmember Hooser: When were those made?

Mr. Dahilig: One was Black Pot and the other one was...I have to figure out the other one...there was another one, but it escapes my memory.

Councilmember Hooser: It has been a couple of years, and yet we have a full-time person.

Mr. Dahilig: Yes, and I think that is where the disconnect has been, is that there is the work to actually do the research. So every year if you look at the Open Space committee reports, you will see what research she has been doing to support the commission, but in terms of being able to acquire the lands, that is something that we have tried to build capacity in, but we have realized that it is pretty much pseudo legal work that is required at that point. So that is where we have been trying to tool the program to look at these partnerships as a way to, I guess, provide that gap in capacity that we currently do not have right now.

Councilmember Hooser: So five (5) days a week, forty (40) hours, this person just works for Open Space?

Mr. Dahilig: Yes.

Councilmember Hooser: Okay. It just seems like a lot of time and hours for not acquiring that much open space in one (1) commission.

Mr. Dahilig: We are very aware of that. I think when I look at her program and what she does, we can be accountable in terms of what work she does do to support the commission and account for that. But to add to the additional workload of actually doing the landowner negotiations is what has been the difficulty. That is why this is one of our budget priorities this year. We want to actually get "wins." We have not been able to do so because it is just an area of support that we never anticipated initially when the incumbent was hired and we need to address that very quickly.

Councilmember Hooser: What is the annual budget impact of this position, including everything?

Mr. Dahilig: From a budget draw proposal, we are still well-below...we are allowed five percent (5%) draw...I believe we are drawing less than the five percent (5%).

Councilmember Hooser: In terms of dollars?

Mr. Dahilig: In terms of dollars.

Councilmember Hooser: What is the annual dollar...

Mr. Dahilig: The total draw, in terms of what we proposed, has been \$153,058. Also, that total does include support costs and research costs that are related to appraisals. It is also related to the costs that are associated with the Open Space

Commission so that number is inclusive of both operational moneys, as well as the salary moneys.

Councilmember Hooser: I am somewhat concerned about shifting the burden to the Open Space Fund since the Council or the County lowered the amount of money going into the fund. It does not seem like we are actively acquiring open space, yet \$150,000 something thousand is going to come out of that fund now, which adds up pretty quickly with money that should be going towards open space acquisition and the support thereof.

Mr. Dahilig: Right.

Councilmember Hooser: Why was it coming out of the General Fund's operating funds and now it is being proposed to come out of the Open Space Fund?

Mr. Dahilig: I think in looking at the total overall location and accounts that the County did have, the decision was made last year as part of that budget proposal to use the moneys out of the Open Space Fund because of the budget cuts that were transpiring to try to maintain service. So I think that policy call was made to shift the burden over from the General Fund over to the Open Space Fund because that money was available, versus the General Fund at that time when last year's budget was looking at being cut. Whether that needs to be migrated back or not, I think in the Administration's proposal, we are still saying, "Let us work it out this way," but if in this or subsequent budgets, the burden should be shifted back over to the operating fund and I think that is a policy call that needs to be discussed.

Councilmember Hooser: I guess for me it would make a difference if I knew that...you used the term get "wins." But if I knew stuff was happening and if I knew we were going acquire something in six (6) months and we are going to do this and do that and spending \$150,000 to support that per year would be a lot easier to justify and the fear is we are going to spend \$150,000, another \$150,000, and another \$150,000 and we do not get wins.

Mr. Dahilig: I understand. That is why we highlight that this is a priority for the department because we know we have been underperforming in this area.

Councilmember Hooser: Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: This is regarding that Open Space position. Is this the first year that it is being funded this way?

Mr. Dahilig: It is the second year.

Councilmember Yukimura: Okay. Why is it exempt?

Mr. Dahilig: I have no clue. When I walked into the department, that is the way the position has always been authorized by the Council. I could probably get an explanation for you.

Councilmember Yukimura: I would like to know the history.

Mr. Dahilig: Sure.

Councilmember Yukimura: That is quite strange. That is the only exempt position.

Mr. Dahilig: Correct.

Councilmember Yukimura: You mentioned that we will be boosting the negotiation acquisition capacity by working with another organization.

Mr. Dahilig: That is correct.

Councilmember Yukimura: Do you already have that?

Mr. Dahilig: Yes, we have a contract already with the Hawaiian Islands Land Trust and they are looking at assisting us through a private/public partnership relationship because they can put tax credits or tax deductible items on the table because they are a nonprofit. So we went through an exempt procurement process to disclose everything in terms of this relationship, and what we want is a situation where they can help us with the acquisition process, but also add money to the table so that we are not fully paying for the amount of acquisitions. In a situation where they can put a tax credit or a tax deduction on the table and have that delta as a donation with the landowner, that helps us not have to fund one hundred percent (100%) of the land purchase costs.

Councilmember Yukimura: I think that is a very encouraging approach. The Black Pot acquisition, which was done I think about four (4) years ago, was done with the predecessor organization, the Kaua'i Public Land Trust.

Mr. Dahilig: Right.

Councilmember Yukimura: So this year, we can look forward to some real aggressive acquisition efforts hopefully.

Mr. Dahilig: That is our goal.

Councilmember Yukimura: Yes, okay. Good. Where is that in the budget?

Mr. Dahilig: In terms of the actual moneys for acquisition? This past budget, when we submitted the Open Space budget, we had moneys actually earmarked for special counsel, initially. But in understanding the discussions with the County Attorney's Office on how to best approach this, they felt that a special counsel

probably was not in our best interest. So the moneys that are being encumbered for this particular agreement with Hawaiian Islands Land Trust is coming out of this year's earmark, not this upcoming fiscal year's earmark. If there are any purchase items that would come to fruition, either by contract or by agreement, those moneys would have to be subsequently appropriated by this Council through another additional money bill to pull it out of that account. We, at this point, do not want to tip our hand and say how much we are willing to pay for each one of these acquisitions, but in at such time that we are able to get to a general term sheet, we would ask the Council to go into discussions on whether such an agreement is worth the purchase.

Councilmember Yukimura: I am deducing that there is no upfront moneys or you have used that Special Counsel Account for some moneys to contract with HILT and part of your contract with them is that if there are any transaction accounts or costs, those will be paid subject to approval of the Council?

Mr. Dahilig: At least with the recordation fees and those types of things, that will be covered as part of their agreement, but the actual purchase price would have to come to the Council for an approval to be appropriated out of the fund.

Councilmember Yukimura: Correct. Okay. What is the amount that we have used to retain HILT services?

Mr. Dahilig: It is \$60,000.

Councilmember Yukimura: That is for how long of a period?

Mr. Dahilig: That is for a twelve (12) month period and covers two (2) transactions.

Councilmember Yukimura: So their obligation is to complete two (2) transactions?

Mr. Dahilig: To get us approval packets and we can then bring before the policymakers to then get approvals to appropriate and complete the transactions.

Councilmember Yukimura: What are the priorities?

Mr. Dahilig: Right now, we are chasing two (2) in particular. They are in the slides. The commission has been very adamant about moving forward with the Hoban purchase, so we are going to work on that. We also have one in Kekaha. The Hoban purchase is something that we are handling on our own because it is an adversarial situation. The agreement that we have with HILT is for non-adversarial acquisitions, so there may be a third acquisition that HILT may come to us and engage us with. The purchase in Kekaha is one that has been earmarked for them to specifically work on our behalf, but there is a second one that will be potentially another acquisition.

Councilmember Yukimura: If you are working on that, that means that those are the priorities of the Open Space Commission.

Mr. Dahilig: Right.

Councilmember Yukimura: So it is Hoban, the property in Kekaha, and what is the other priority?

Mr. Dahilig: The third one right now is in flux because we are looking at having HILT give us some proposals as well, based off of the Open Space list. We are looking at situations that are non-adversarial because we have to come to the Council if it is adversarial for a condemnation proceeding.

Councilmember Yukimura: That is fine. I still think it has to be a priority of the County, as established by the Open Space Commission or by the Council by resolution. How do we know that HILT is following our priorities? Is there a list of the Open Space Commission where the ten (10) top priorities and anyone, whichever is ready to go can go? How are we doing it?

Mr. Dahilig: As part of the scope of the contract with HILT, they are required to engage with the Open Space Commission directly. If they move forward with the third acquisition, that process of engaging a consultation will occur with the Open Space Commission, whether it be by the previous documents that they have come up with or if there are items that may seem, from a timing standpoint, opportunity for acquisition, they would have to go to the Open Space Commission and get their concurrence as well. That engagement with the public body is required as a part of the scope of the agreement with us.

Councilmember Yukimura: I just thought there was a transparent process for setting priorities.

Mr. Dahilig: There is.

Councilmember Yukimura: So there is a priority list that has been adopted by the Open Space Commission?

Mr. Dahilig: Yes.

Councilmember Yukimura: From which HILT will be working on that list?

Mr. Dahilig: Yes.

Committee Chair Kaneshiro: Councilmember Hooser.

Councilmember Hooser: Do you know approximately what the annual Open Space income is now?

Mr. Dahilig: I do not know off the top of my head. I know it is in the order of hundreds of thousands, but it is not at the level that it was when we were pulling in \$1,000,000 or \$2,000,000 a year.

Councilmember Hooser: Maybe while we talk if there are others who know that answer, they could come up. I wanted to ask the question again because I have a hard time wrapping my arms around a forty (40) hour week, five (5) days a week. This person is exclusive to this issue and does not work for any other planning issues? How often does the Open Space Commission meet?

Mr. Dahilig: Twice a month.

Councilmember Hooser: Twice a month?

Mr. Dahilig: Yes.

Councilmember Hooser: I was wondering what the annual was.

Committee Chair Kaneshiro: Ken can correct me, but I have it as \$595,000, roughly.

Councilmember Hooser: So \$600,000 in round numbers and we are taking \$150,000 out or so a year. It just seems like a big percentage of the overall amount.

Mr. Dahilig: We provided a presentation to the Council. It was about a year ago where we showed the revenue accrual as a consequence of the two (2) years that went in at one point five percent (1.5%). The balance of the fund is close to \$5,000,000 to \$6,000,000 at this point.

Councilmember Hooser: And we are taking twenty-five percent (25%) of the annual, so we are accruing it lower than we should.

Mr. Dahilig: Yes.

Councilmember Hooser: Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: What is the total amount in the fund?
\$5,000,000?

Mr. Dahilig: Between \$5,000,000 to \$6,000,000, I believe.

Councilmember Yukimura: Can we get that exact number, please?

Committee Chair Kaneshiro: Any further questions for Planning?
Councilmember Kualii.

Councilmember Kualī'i: I saw in the earlier vacancy report a position 2016 Planner I that was vacant since October 31, 2015. I did see that it had zero funding for last year and I think it was identified as state funds, but I do not see it in the list this year. Has it been deleted?

Mr. Dahilig: Position 2016?

Councilmember Kualī'i: Yes.

Mr. Dahilig: That is a good question. I do not have an answer for you. I can definitely take a look at what may have happened.

Councilmember Kualī'i: Okay, please follow-up. Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I am glad to see from your slide 10 that you are actually looking to implement the plans we have passed recently. When you say "continued changes to CZO to implement South Kaua'i and Līhu'e Plans," are there bills that are forthcoming? If so, what is your timetable?

Mr. Dahilig: We do have one bill that did hit the floor this past week concerning the Additional Rental Units (ARUs). That is directly derived out of recommendations in the Līhu'e Community Plan that talk about a lot of the existing multi-family units that are already in areas like Hanamā'ulu and Puhi. There are threads of that policy that are interwoven into bills like that to try to help implement the plan. I think it is illustrative of the types of bills that we would be generating over the year to try to look at the recommendations in both Līhu'e and South Kaua'i and to try to propose bills accordingly.

Councilmember Yukimura: Okay. As you know, I have been really concerned about the transportation issue in Līhu'e because there was no transportation component in the Līhu'e Community Plan. Do you have in this year's or this coming year's proposal of ways to address that?

Mr. Dahilig: With respect to transportation policies within Līhu'e?

Councilmember Yukimura: Yes.

Mr. Dahilig: I think our focus has generally been on the General Plan with respect to our long-range efforts. We do have the ongoing transit study that does cover this area that we are working on, but it is not part of a larger component as, I believe, you are alluding to. I believe in looking at future budgets, we may have to propose after the General Plan is developed. I think we are also working on looking at gaps in our Multimodal Land Transportation Plan to address if we can through the General Plan update, so that is another area that through a process standpoint we are trying to handle

internally with our current budgets. With respect to a specific study on Līhu'e transportation, I do not have that on our radar screen at this time.

Councilmember Yukimura: What is the next community that you are going to be working on a community plan for?

Mr. Dahilig: I do not want to be too committal. We do know that going into subsequent budgets once the General Plan is done that we would look either west or north as potential areas for community plan development, but we do not have anything proposed at this time because we know we need to base policy in the General Plan update.

Councilmember Yukimura: In your policy regarding community plans, will you be designing community plans to be land use and transportation plans?

Mr. Dahilig: I believe that like anything, transportation is a critical component of land use. We have tried to enhance the connectivity analyses that get folded into why we are citing certain zones and certain areas. I do not think you can, in silos, have land use and transportation wholly, separate, and apart from each other. We are moving towards that direction in more robustly discussing transportation issues in our land use documents, but to what degree does it become overwhelmingly a transportation plan is the balance where we are still trying to find.

Councilmember Yukimura: That is exactly my question. Your South Kaua'i Community Plan is the first community plan that is a land use and transportation plan and it is really commendable and I think it makes things work really much better when you coordinate land use with a transportation plan.

Mr. Dahilig: Okay.

Councilmember Yukimura: I am hopeful that Planning, which puts out the RFQ or the RFP for community plans...that is where you state it and fund it; otherwise, it does not happen.

Mr. Dahilig: Right.

Councilmember Yukimura: I hope you can make that a practice. I think it will help to prevent things like we are having now in Wailua-Kapa'a. I appreciate it. In speaking of Wailua-Kapa'a, where is the Wailua-Kapa'a plan and how are we integrating transportation into that?

Mr. Dahilig: As we mentioned to the Council in previous budgets, we had a consultant that had gone back to 2005 where it was initially awarded, and we had gotten to a point with the work product and the consultant where we had a contractual disagreement. That disagreement is still being sorted out with what we essentially told the consultant to stop work on that project. We asked for additional moneys from the Council in, I believe, 2011 to try to bring in the University of Hawai'i

Department of Urban and Regional Planning to try to take the work product and finish it out. They got to a point where we initially told the CAC members, "We have this General Plan process that is coming down the line. We need to get solidified behind the policy on this before the General Plan hits because we do not want parallel planning processes creating inconsistencies in policy." So we were able to work through a process with the University; however, the progress that we were making with the community members on the policy proposals, and that information we were not able to make significant progress. So at the end of this past calendar year, the University informed us that they would not want to extend the contract any further, so we made the decision to not ask for additional moneys in this budget process; one, because our General Plan process is still ongoing right now, and two, we feel that throwing in any more resources towards that process will probably not be fruitful and in the future may need to just reengage a new process. We tried to rescue it from that contractual situation, but we no longer have the opportunity to engage the University, and trying to ask for more moneys from the Council, I did not feel was responsible, given where the work product is at this point.

Councilmember Yukimura: I want to acknowledge that it is something you inherited and is part of the past Planning administration that we are still trying to clean up. I am concerned because Wailua-Kapa'a is the most populated community district and has such issues with planning and also many proposals. What is the way out? We have to have some way to resolve it.

Mr. Dahilig: Right. I do not want to characterize the East Kaua'i planning process as not having developed a volume of information that is useful for us. So that process did generate a lot of things that have given us cause and pause to look at with respect to the General Plan update and how the policies in that area need to be addressed. However, to ensure that we are still up-to-date with that, and we are actually conducting a general plan charrette for that area that is coming up in the 28th of this month, so that is going to build on a lot of that work product, but also allow the community to, from a regional standpoint, get involved in the General Plan process. However, with respect to a comprehensive second stab at this, it would have to be a budgetary decision down the line after the General Plan is updated. So we are trying to fill that gap, but absent a fully funded East Kaua'i Community Plan process that starts anew. At this point, we are trying to look at other ways of engaging the community.

Councilmember Yukimura: If you are saying you are going to deal with this after the General Plan update, what is the endpoint of the General Plan update?

Mr. Dahilig: Because the General Plan update is a forty thousand (40,000) foot policy plan, the regional plans would be at twenty thousand (20,000) feet or so, so it would further mine the issues that are brought in. It is inevitable in the General Plan process that we are going to have regional issues come up through that process. I think there are areas in the 2000 General Plan that the community is telling us through the process that we are undergoing right now, "We do not want that anymore." In order to have the regional plans aligned with the General Plan process, we have to look at taking care of the forty thousand (40,000) foot view policy first before we get into the twenty thousand (20,000) foot views.

Councilmember Yukimura: So my question was what is the endpoint of the General Plan, timewise?

Mr. Dahilig: So we anticipate as one of our goals to get the General Plan to the Planning Commission by fall of this year. That is our goal. The reason why we are aiming for that goal is because it still allows us to be on time and on budget.

Councilmember Yukimura: So it is possible that we could anticipate a budgetary request for Wailua-Kapa'a in Fiscal Year 2018?

Mr. Dahilig: It is possible.

Councilmember Yukimura: Okay. Thank you.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: On page 3, you talked about the TIGER grant and how it is a \$13,800,000 grant, right?

Mr. Dahilig: Yes.

Councilmember Kualii: And that it is to enable reconfiguration of Rice Street and expand transit service. Of the \$13,800,000, was there a County match?

Mr. Dahilig: I believe that is the \$2,000,000 that is currently in the CIP budget.

Councilmember Kualii: Of the \$2,000,000 million, that is the County showing what we are spending from our funds and that is not just general funds, but it could be other funds like transportation funds?

Mr. Dahilig: That question is probably better directed towards the CIP Manager. I know peripherally there is a \$2,000,000 match that has been inserted into it.

Councilmember Kualii: You have the position 2032 Planner IV-Transportation with the \$77,000 salary.

Mr. Dahilig: Yes.

Councilmember Kualii: So that salary is being paid one hundred percent (100%) from the General Fund?

Mr. Dahilig: Yes.

Councilmember Kualii: But that position is working a lot on all of this stuff, right? That position played a role in even getting the grant and in implementing and

everything. I see the person come with Transportation often to give the presentations and the reports, so should they not be helping to pay for that position with those moneys?

Mr. Dahilig: Do you mean the Department of Public Works?

Councilmember Kualii: The Transportation...the grant. Is that just how we are accounting for our \$2,000,000 match?

Mr. Dahilig: There are two (2) reasons...

Councilmember Kualii: From the different departments.

Mr. Dahilig: Yes. Some of it is direct CIP match and we have not been advised by the Federal Highways Administration that we can also accrue time, as long as we account for it, but it is only time that is accrued after the project agreement has been executed between Federal Highways, the State, and our County. For instance, our department is taking the lead on the environmental entitlements and we will be doing those in-house because it is more efficient. It is something that even for myself, I have to keep time on once that starts, so I will be filling out a timesheet since we are taking the lead on the Chapter 343 and National Environmental Policy Act (NEPA) consultation types of things. We are aware of that, Councilmember, in terms of what other persistence of effort items that we will be doing in-house, and we already have the information on how to create timesheets for that type of work.

Councilmember Kualii: Thank you.

Committee Chair Kaneshiro: Just to clarify, also the \$2,000,000 is going to be bond funded through CIP. Any further questions for Planning? Councilmember Yukimura.

Councilmember Yukimura: The \$126,000 in Consultant Services you said is for the CZM position.

Mr. Dahilig: Sea Grant.

Councilmember Yukimura: Yes, excuse me. Is that basically just benefits and salary?

Mr. Dahilig: Yes.

Councilmember Yukimura: Okay. Then the Other Services that are \$75,000 to meet CZM requirements, you say "special research," so it is a variety of projects that include things like the Salt Pond consultation.

Mr. Dahilig: This particular item in the Other Services Account is meant as a direct match because in terms of in-kind match on our side and staff time that we were spending that relates to coastal work, we are having a difficulty meeting

the targets. What we are proposing with a direct match is to actually have it specifically earmarked for research, versus having it just be the General Fund.

Councilmember Yukimura: I see, so it is earmarked for CZM match.

Mr. Dahilig: Yes, but it is for a purpose.

Councilmember Yukimura: For coastal zone.

Mr. Dahilig: Yes.

Councilmember Yukimura: And you do not have a list of what you are going to use this money for? One of them is the Coastal Erosion Study research.

Mr. Dahilig: Yes. We anticipate, because the Coastal Erosion Study is in need of updating at some point, that if we start the procurement process during this period, we are able to encumber a cost during this fiscal year to have that study updated and we anticipate using that full amount for that particular project.

Councilmember Yukimura: Okay, and that is the top priority for coastal projects?

Mr. Dahilig: I think for us, given the new laws that have been passed, and we worked on that together, Councilmember, the Coastal Setback Law a couple of years ago; it does tee us up to be more proactive in having the latest science involved in our policy implementation this addresses.

Councilmember Yukimura: Are you going to be including ocean rise?

Mr. Dahilig: Yes. I drank the "sea-level rise Kool-Aid," so I think it is important that we integrate that.

Councilmember Yukimura: Well, the evidence is getting pretty scary.

Mr. Dahilig: Yes.

Councilmember Yukimura: Okay. Thank you.

Committee Chair Kaneshiro: Any further questions for Planning?
Councilmember Hooser.

Councilmember Hooser: This might be a little bit off topic, but do we, Planning or the County, charge licensing fees for activities like beach activities, bicycle rentals, or surfboard rentals? Do we charge any licensing fees at all?

Mr. Dahilig: We do not on our end. We have no fees other than the permitting fees that we undergo. Just a couple of years ago, we never used to have

a fee for even a minor permit and we now charge a fee for a minor permit. Other than that, we do not have a regular schedule of those types of activities that would require a fee.

Councilmember Hooser: Okay. Thank you.

Committee Chair Kaneshiro: If there are no further questions, we are going to take our ten (10) minute caption break right now and when we come back we will have Transportation up.

There being no objections, the meeting recessed at 10:40 a.m.

The meeting reconvened at 10:48 a.m., and proceeded as follows:

Committee Chair Kaneshiro: Welcome back. Next up, we have Transportation. Celia, can you take us through a quick presentation?

CELIA M. MAHIKOA, Executive on Transportation: Good morning. My name is Celia Mahikoa, County Transportation Agency Executive. I have two (2) staff members who are also here.

KALAWAI'A LEE, Program Specialist: For the record, Kalawai'a Lee, Program Specialist.

ROBYN NAKATA, Accountant: For the record, Robyn Nakata, Accountant.

Committee Chair Kaneshiro: Do you have a presentation or are we just going straight into questions?

Ms. Mahikoa: As the Council has specifically requested from us, I have submitted our budget presentation for your prior review and we have chosen to maximize the amount of time that was available for questioning. With that, I would just like to leave it open.

Committee Chair Kaneshiro: If that is the case, we will go through it by division, so we will start with the Administration line item. Do we have any questions? I have a question on Miscellaneous Furniture and Supplies and Computers and Printers. Last year, there was a note that it was a twenty percent (20%) match. Is that true for this year again?

Ms. Mahikoa: On the condition that we do have federal funds available, it would serve as a twenty percent (20%) match; otherwise, these funds would need to be utilized to replace the equipment and computers that are requiring replacement in the upcoming year, in which case, if we have no federal funds, it would be unfortunately one hundred percent (100%) out of the General Fund for that purpose.

Committee Chair Kaneshiro: Is this our match portion? You are saying if we had federal funds then they would cover everything and if they do not cover it, then this is our portion that we would be using to by that.

Ms. Mahikoa: Yes. If we do receive federal funds, they will cover eighty percent (80%) of the costs, in which case this would serve as just the matching portion.

Committee Chair Kaneshiro: Okay. If not, then we would have to add another eighty percent (80%) to that expense if we are going to buy it.

Ms. Mahikoa: We would utilize just what we have to replace and prioritize what we are able to within our means.

Committee Chair Kaneshiro: We are going to just spend our twenty percent (20%) on whatever we can.

Ms. Mahikoa: Exactly.

Committee Chair Kaneshiro: Okay. Thank you. Any other questions?
Councilmember Yukimura.

Councilmember Yukimura: I have a question about the narrative. Thank you very much for your written narrative. I was reading about the bus service to the Pacific Missile Range Facility (PMRF) and the fact that now it cannot go into the base because of security issues, so it just goes out. Is this an on-call route?

Ms. Mahikoa: Yes.

Councilmember Yukimura: It serves five (5) riders?

Ms. Mahikoa: Yes. That is our estimated number of riders that are utilizing it at the moment.

Councilmember Yukimura: I am just wondering, given the time and gas to go out there, whether the base can perhaps help with some of the costs. I am wondering if you explored it or if it is something worth exploring?

Ms. Mahikoa: That is definitely something that we can look into pursuing in the future, yes.

Councilmember Yukimura: Do you have the cost of that leg from Kekaha? You also supply transportation for seed company workers, right?

Ms. Mahikoa: Syngenta employees utilize the bus as well, yes.

Councilmember Yukimura: Can you do a cost breakdown in terms of how much that leg costs?

Ms. Mahikoa: From the Kekaha Neighborhood Center to PMRF and back?

Councilmember Yukimura: Yes.

Ms. Mahikoa: We would be able to provide that. We do not have that available right now.

Councilmember Yukimura: How many people do you serve in terms of agricultural workers?

Ms. Mahikoa: I would also need to research that and provide that for you. We do have the data available.

Councilmember Yukimura: Okay, because that leg is much less than the leg to the Base, right?

Ms. Mahikoa: Yes.

Councilmember Yukimura: I would like to know the cost of just doing the leg to the agriculture companies, and then the cost of doing the leg all the way to PMRF.

Ms. Mahikoa: Okay.

Councilmember Yukimura: Thank you.

Ms. Mahikoa: Sure.

Councilmember Yukimura: Also, your discussion of the larger transit buses that you indicated that the union has some specific concerns...

Ms. Mahikoa: Yes.

Councilmember Yukimura: I was thinking that this would give some upward mobility of drivers. Am I wrong? This might actually create some opportunities for the union workers.

Ms. Mahikoa: That is part of what is being taken into consideration. Additionally, what has maybe complicated it somewhat is looking at it comparatively with the O'ahu Transit Services (OTS) drivers; their pay levels for what the requirements are for their drivers in looking at the comparison. That has added to some of the difficulty in applying a simple formula to what we have.

Councilmember Yukimura: When you say OTS, are you talking about O'ahu?

Ms. Mahikoa: Yes. Sorry. That is "O'ahu Transit Services."

Councilmember Yukimura: Certainly, there must be different gradations for different levels of service and operation within the context of large bus operation, right?

Ms. Mahikoa: Yes.

Councilmember Yukimura: Is that what is being worked out right now?

Ms. Mahikoa: Yes.

Councilmember Yukimura: Okay. What is your timetable? Do you know what kind of timetable you have?

Ms. Mahikoa: Ideally, we would like it as soon as possible, but unfortunately these things do not work as quickly as we would like them to.

Councilmember Yukimura: Are you thinking that in the next six (6) months in could be worked out or is it just...

Ms. Mahikoa: We would like to, yes.

Councilmember Yukimura: Okay. You have some CIP, right? Maybe we will discuss that at the end.

Committee Chair Kaneshiro: The CIP information?

Ms. Mahikoa: We would not have included that in here.

Committee Chair Kaneshiro: Yes, the CIP questions are going to have to go through Keith.

Councilmember Yukimura: Okay.

Committee Chair Kaneshiro: If you have any specific ones, we can E-mail him about your CIP questions.

Councilmember Yukimura: Okay. In looking at the consolidated worksheet, I could not find a significant fuel line item, either because it is really small print or I am just blind. I was wondering what your fuel budget looks like right now.

Ms. Mahikoa: Okay. Fuels would be in the Highway Fund column on page 10 of our presentation and it is the third from the last item in the operations section. Do you see \$780,000 for next fiscal? That is what is budgeted for fuels.

Councilmember Yukimura: Yes. It says very clearly "Fuels," right?

Ms. Mahikoa: Yes.

Councilmember Yukimura: That is basically diesel fuel that you use to run the buses.

Ms. Mahikoa: Yes.

Councilmember Yukimura: Right now, we have a pretty positive situation because the cost of fuel is lower.

Ms. Mahikoa: Yes, at the moment.

Councilmember Yukimura: So when it was higher, was this almost double?

Ms. Mahikoa: No. I believe about the highest we went to was...I cannot recall. I am sorry. We probably have it in the historical here that we can look through.

Councilmember Yukimura: I just wanted to know what we need to brace ourselves for if the price of fuel goes up.

Committee Chair Kaneshiro: I think prior we were not breaking out fuel between the Highway Fund, but from 2014, we had almost \$800,000; 2015 was \$678,000; last year, we budgeted \$780,000; and this year kept flat at \$780,000.

Councilmember Yukimura: So it has been pretty flat or has varied by about \$100,000.

Ms. Mahikoa: Yes.

Committee Chair Kaneshiro: That is only from 2014. Prior to that, it might have been in the General Fund, so I do not have the history for that number.

Ms. Mahikoa: Thank you.

Councilmember Yukimura: When fuel prices were at the peak, what were our operating fuel costs?

Ms. Mahikoa: I apologize. I can get that for you.

Councilmember Yukimura: I apologize for asking. I know it is not something you would have.

Committee Chair Kaneshiro: In 2013, it was about almost \$800,000 budgeted or used; \$797,000 actual.

Councilmember Yukimura: When?

Committee Chair Kaneshiro: 2013.

Councilmember Yukimura: What are you looking at?

Committee Chair Kaneshiro: Page 263, on the bottom. The Fuels line item in 2013, we have \$797,000. That is our actual. In 2014, we moved our fuels to the Highway Fund, which is on page 294.

Councilmember Yukimura: When were fuel prices almost \$5 a gallon?

Ms. Mahikoa: I think it was in 2008.

Councilmember Yukimura: 2008?

Ms. Mahikoa: Either 2008 or 2009. That was before we increased services well though, so we need to take that...

Councilmember Yukimura: Factor that in, too?

Ms. Mahikoa: Yes.

Councilmember Yukimura: Okay. If you can just let me know what it was at the height of the price? Thank you.

Ms. Mahikoa: Okay.

Committee Chair Kaneshiro: Councilmember Chock.

Councilmember Chock: I am just taking a look at some of the challenges on your narrative and it brought to mind some issues I have been receiving in terms of routes, especially for some of the schools I have been getting some requests about having to cross the highway, like in Anahola and also some issues down in 'Ele'ele. I know the concept is to...the straighter the line, the better for efficiency, but also in these kind of sensitive areas where our kids are crossing. Is there any consideration or things that we can do to increase the efficiencies and safety in coordination with roads and highways?

Ms. Mahikoa: We do actively communicate with State Highways when these issues come up, which I believe is what resulted to the flashing beacons in Anahola with the added attention there. When the issues are brought to our attention, we do discuss it with Highways and see what we are able to do. We do have certain limitations with serving schools, particularly because we are Federal Transit Administration (FTA) funded that we are not to compete with basically the school transportation systems that are setup for serving the public schools. So we have this balance that we need to maintain whereby we are providing sufficient service for the students, providing it safely, and at the same time, not infringing on the requirement that we need to maintain compliance with.

Councilmember Chock: So I understand it is not within your purview, but with the flashing crosswalks process, has that been effective and safe in your opinion? Have we been experiencing any difficulties with it? I have heard multiple complaints that it is not working properly.

Ms. Mahikoa: I personally have heard no feedback coming back on those projects, but would I suspect State Highways may.

Councilmember Chock: I will check with them. I understand that that is more of their purview.

Committee Chair Kaneshiro: I have a question and this is just an issue that we hear about all the time—bus shelters. Is it our intention to complete all forty-three (43) bus shelters this year?

Ms. Mahikoa: I believe timeline-wise, we are scheduled, if all goes well, by the end of next calendar year to have a total of forty-nine (49), which will be the six (6) that we have already completed, plus the forty-three (43) additional that are listed in here.

Committee Chair Kaneshiro: For this year, how many do you think we are going to be able to finish? The seventeen (17)?

Ms. Mahikoa: Yes. We just awarded the Phase II contract, which has seventeen (17), and then Phase III, which the State Legislature provided us funding recently to finish off the forty-nine (49) total.

Committee Chair Kaneshiro: Okay, so twenty-six (26) additional?

Ms. Mahikoa: Yes.

Committee Chair Kaneshiro: Okay. Councilmember Yukimura.

Councilmember Yukimura: I just want to compliment and thank you for the bus shelters here. We see them at work every day. They are very nice and get a lot of use. We look forward to having bus stops across the island by priority and “low-hanging fruit” the standard.

Ms. Mahikoa: Thank you for acknowledging that, but I honestly need to give credit where credit is due and that was included by our Department of Public Works as part of the Hardy Street improvements and they have been fantastic in stepping up to the plate and all of us working together in order to get these things done as projects come up. Thank you for acknowledging that.

Councilmember Yukimura: Thank you. It is a really fine example of the kind of interdepartmental work that you have been doing to get services out to our people. Thank you for that. There was a letter to the editor recently about the lack of Google

mapping of our bus system and I know that you have been anticipating doing that at some point, so I just wondered what your timetable is for that. I did relay on the floor recently my experience meeting a couple from San Francisco, millennials, if you will, who did not rent a car and were using the Kaua'i Bus to go everywhere to see Kaua'i for the first time and they did say that they got to the airport, tried to Google map it, but could not do it, so they caught a cab to a Kaua'i Visitors Bureau where they got all of the bus information. That is another example of good interagency work. It would really, I think, facilitate, especially visitors, and I was wondering where that is on the timeline for the agency.

Ms. Mahikoa: In order to do that, we were able to successfully get funded to install Automatic Vehicle Locators (AVLs) in our vehicles, which just took place over the past six (6) weeks. That was a requirement in order for us to implement our computer-aided dispatch system; having the vehicle locators installed laid a foundation for us to be able to carry out additional technological advancements, such as computer-aided dispatch, activating Google transit applications, and those other types of additional investments in technology that are going to make it much more user-friendly for the public. I need to say that right now we are still very early in the implementation of the computer-aided dispatch system. So yes, we are going through learning curves right now. Our staff is still training on it and getting very familiar with it; our drivers, as well as our dispatchers and the management team. I would say give us several months to be able to learn the system well and to be able to utilize it. Additionally, to actually get the stop locations programmed in and to work out the kinks of the system, which any time we implement something new technologically, we are going to have these different issues that we need to work through. We are hoping to be able to have something within the next six (6) months to a year, as far as actually going through with something like Google Transit. Meanwhile, we have had excellent support through our Department of Finance's IT Division, who has been working with us as well on being able to provide...maybe not something as current and advanced as Google Transit applications, but they are helping us to get the bus stops mapped on an application that riders would be able to access. Meanwhile, to hold this over until we are able to implement something that is completely current and that users are familiar with, such as Google Transit. So we still have ground to cover in doing that, but needless to say because we just had the software installed that we need to work through it and get it working very well for our team, as well as getting our team up to full speed on this new application that we have.

Councilmember Yukimura: So can we expect the Google application to be available in the next year?

Ms. Mahikoa: Ideally, yes.

Councilmember Yukimura: Okay. Can it be one of your goals and objectives?
Did you give us goals and objectives?

Committee Chair Kaneshiro: Yes, on page 5. I have a follow-up. Do we have bus information at the airport?

Ms. Mahikoa: I believe we have schedules available and people are always welcome to pull up our site on the County's website.

Councilmember Yukimura: So can we make it a goal for this year?

Ms. Mahikoa: Certainly. The sooner the better, for the good of the public, but we do always typically run into...

Councilmember Yukimura: It just seems like people just go to it automatically, so it would be just a good thing to have.

Ms. Mahikoa: Thank you.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Yukimura: I think Kalawai'a has something to say.

Mr. Lee: If I may, Kalawai'a Lee, for the record. I agree with you, Councilmember, that a map is very necessary for visitors to use, people who are familiar with our place names of our bus stops currently. So part of what Celia was saying is very true is that we are working really hard to make sure that all of our bus stops are geocoded, which is a requirement for the Google Transit application. We are going through validation of all of those bus stops right now, making sure that they are properly coded before we can get that data pushed over to the feed that is required for Google Transit. Right now, our consultant is doing that and we anticipate having that done soon. Like Celia said, we need to go through our learning process as a team internally to make sure that it is working properly for us before we push out data to the community.

Councilmember Yukimura: Thank you. That is really wonderful what you are doing and I have to say that IT said that they so appreciated working with your agency because you folks really were there to do a lot of the work. Anyway, they had glowing words to say about Transportation and I see the kind of building block steps you have to take. I am also thinking that one of the requests from visitors was to have the bus stop names, like "Big Save" or "Civic Center" on the bus stop so that they would know where to get off, and Google Maps would enable that, too. So there are a lot of things sort of coming together, but that would be really good when that is in place. Thank you.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: I guess along the lines of visitors, in surveying rider feedback, do you actually get feedback from the visitor riders as well? How do you do that?

Ms. Mahikoa: Do you mean as far as their experience?

Councilmember Kualii: Yes, because she is mentioning some stuff about her needs and the article in the paper, but do you have a way of getting that yourself?

Ms. Mahikoa: We do not have an ongoing type of surveying system right now. We did conduct one in December. Occasionally, we will go out and request input from the public. At that time, I do not recall anything coming in, in regards to mapping.

Councilmember Kualii: Maybe like the Visitors Bureau, they get some feedback maybe so you could work with them on that. The other thing is at the airport, the visitor information program. I know they are there to give information to the visitors as they arrive and they are always showing them where to go for the rental cars and they are telling them where to go for the bus stop. What I hear from them is that often a lot of tourists are trying to use the bus, but the bench is kind of located away from the curb and the bus may come and leave before they can get...if they are not standing and waiting by the bus stop, they may get left behind...they do get left behind often. The only other thing on that, too, is do we accommodate tourists bringing their bags on the bus? Do we have any plans to make an adjustment? I know we allow people to put their bike on the outside, but what about some amount of baggage? Maybe too much is too much, but a lot of people travel light and they just want to take one little bag, but they have been not allowed, right?

Ms. Mahikoa: Actually, we have a carry-on size limit that we need to carry out and we align it with the airlines carry-on measurements. If it is larger than that, they can be denied boarding. Unfortunately, due to the limited resources, the primary individuals who we are trying our best to serve initially are the residents who need the system to move about, and beyond that as we are able to address beyond that. As far as taking luggage onboard, we are able to accommodate those who have just a carry-on, but if they have large bags, we are unfortunately...

Councilmember Kualii: It does seem like an area that we should stay informed about and work with the hotels on. If we can accommodate tourists to get to their hotels with their luggage and not get a rental car, then we are keeping more cars off of the road. There may be more work to be done there, as far as working on shuttles in particular areas, but working with the hotels, a shuttle from the airport to where the big hotels would be.

Ms. Mahikoa: Exploring where all of the other options would be, yes. Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: I just want to say that actually residents have asked me about luggage to and from the airport, too. Residents actually could use that service, too. I know we want to have everything at once, but as long as we are thinking about this. My dream is to have surfboards be allowed on buses at some point. Thank you.

Committee Chair Kaneshiro: Any further questions from the presentation? We can even hit the line items for administration.

Councilmember Kualii: The only line item on a position that I am going to request in writing for a follow-up is on position 9331 Executive on Transportation for just a report showing the recently implemented and proposed raises between July 1, 2015 and July 1, 2017 and a justification for each of the raises. I will submit that in writing and maybe Human Resources can help you submit the smaller report.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: Do you have a flowchart or maybe a timetable? I want to acknowledge that it would be a tentative timetable for the provision of half-hour frequency during peak hours. I know you have to have the baseyards first in order to accommodate additional buses. Is there any timetable both for increasing the frequency of the mainline and providing more frequent weekend services?

Ms. Mahikoa: That would all be funding-driven based on what funds are available.

Councilmember Yukimura: Yes.

Ms. Mahikoa: So we do not anticipate being able to implement that at this time, and therefore, do not have it on our plan of at least this upcoming fiscal year. However, in our discussions going through the options or the opportunities provided through the General Excise Tax (GET) discussions with you all, we have been exploring the various options as far as expansion goes. We would like to ideally have the formal recommendations come out through our planning process, which we are going through at the moment. Ideally, we would like that to be determined. We can utilize what kind of input we have received on an informal way from the public and through our operations or the observations that we have. But ideally, if we can go through our short-range transit plan and come through with recommendations on how to prioritize what we will add first as revenue becomes available in order to expand service, that would be the ideal for us.

Councilmember Yukimura: Right. I am not asking for something that would happen within this fiscal year. I acknowledge all of the groundwork that has to be laid first. From the day you get the money, what would be the timeframe? Say you get the approval, what would be the timeframe and the sequence? Your first priority presumably has to be the baseyard expansion in order to have more buses— well, excuse me—you could make weekend services more frequent without baseyard expansion. If you figure out how much money that will be, and I think you have ...can you tell me offhand what it was going to cost?

Ms. Mahikoa: I am sorry, I do not recall off the top of my head.

Councilmember Yukimura: Okay, I will follow-up with a question. Say you get the money that is required to have more frequent service on the weekends...I believe that is one of your priorities, right?

Ms. Mahikoa: Yes.

Councilmember Yukimura: And one that can be done without too much preliminary work such as baseyards. When you get that money, how much time would it take to implement and get to that more frequent service on weekends? Six (6) months?

Ms. Mahikoa: Based on the systems and processes that we need to go through, we are probably looking at anywhere from four (4) to six (6) months.

Councilmember Yukimura: Okay. We will need to know how much money you need, and then it is a four (4) to six (6) month timetable. For the frequency of the mainline, which I understand is also a priority, at least for the peak hours where you are getting capacity issues, that would require baseyard expansion. So if you got the money for the baseyard expansion...I guess I will ask how much that will be. That is tentative because you have not yet figured out sites and so forth. How long would it take? You would have to build your baseyards, and then you would be able to put on more service. You would have to purchase more buses.

Ms. Mahikoa: Right. It would take additional baseyard space, additional vehicles, and additional staffing, which means additional drivers plus administratively, in order to carry out having these actions taken care of in a proper way.

Councilmember Yukimura: So about two (2) years from the time you get enough money for baseyard expansion, assuming that the other moneys can be made available as well?

Ms. Mahikoa: If the funding is made available, probably about there.

Councilmember Yukimura: Okay. Two (2) years. Refresh my memory—the short-term transit study is to be completed by the end of this year, right?

Ms. Mahikoa: If I recall correctly, either December of this year or January 2017.

Councilmember Yukimura: Okay, good. We are not too far off.

Ms. Mahikoa: Right.

Councilmember Yukimura: Okay. Thank you.

Committee Chair Kaneshiro: Any further questions for administration? If not, we will move on to operations. Do we have any questions for operations? I have a question on the telephone. Did we change service provider? We had an increase in the telephone line item. I know last year it was with Verizon, but this year I do not think we had as much detail. What was the reason for the increase?

Ms. Mahikoa: The reason for the increase is the need to have the tablets that have been installed this year in the vehicles set up through Verizon. That

is to have the tablets communicating as necessary, in order to transmit the vehicle location information and to be able to communicate with the drivers.

Committee Chair Kaneshiro: So this cost will be an annual cost or it will be reduced because we are going to purchase the tablets?

Ms. Mahikoa: This is the actual to have them connected, so it will be an annual cost, yes.

Committee Chair Kaneshiro: Okay. Councilmember Kualii.

Councilmember Kualii: The two (2) vacancies, position 9420 Clerk Dispatcher was just vacant on January 5, 2016. What is the status of recruitment and filling?

Ms. Mahikoa: For that position, because of the changes that we are going through with the investment in the new software, we are currently reassessing our organizational structure, as we do each time we lose a member. I am going to be meeting with HR to discuss the potential of whether or not we would be able to reallocate that position to an area that needs more attention within our agency. We need to go through basically what empty bases are that we have right now and be able to determine what the needs are of the agency and possibly reallocate that position.

Councilmember Kualii: When you have a more realistic idea, what you will budget for will be something different possibly from \$34,665?

Ms. Mahikoa: Possibly.

Councilmember Kualii: When do you think you will know that? Before the final submission?

Ms. Mahikoa: Ideally, yes. That is our goal.

Councilmember Kualii: Okay. The other vacant position is Bus Driver. It is in the first grouping, so there are thirty-five (35) bus drivers at \$46,000. The position is 9430, also vacant since January. What is the status and plan for filling that position?

Ms. Mahikoa: That one we intend to have filled by June 1st.

Councilmember Kualii: The other thing is, and I do not know if the amount on the vacancy report is wrong, but it showed a salary in this current year for that position of \$42,420, and then for the new year at \$45,930. That is an eight percent (8%) increase. I noticed for most of the other positions, the increase was four percent (4%). Why would that one be different and be double? Is it because it is coming from further back?

Ms. Mahikoa: I would need to look into it.

Councilmember Kualii: I will submit it in writing for a follow-up. The same thing was that other position on the Clerk, but I guess the amount you put in there is eleven percent (11%) higher, but if that is going to be a different position, then it might be even higher than that. You will follow-up with that as well. I noticed that there were six (6) new hires, all bus drivers between January and March, and I guess they are already being budgeted for the higher amount like all of the rest. I will wait and come back on the reallocations.

Committee Chair Kaneshiro: Any further questions on the line items? I have a question on "Other Small Equipment." What is the \$10,000 for on page 266?

Ms. Mahikoa: "Other Small Equipment," and please correct me if I am wrong, team, but I believe that is in order for us to replace any type of broken tools or small equipment within the repair shop that we operate for bus maintenance. That is to replace those items.

Committee Chair Kaneshiro: Does that come out of operations or would that line item be in "Small Equipment Maintenance?"

Ms. Mahikoa: No, because these are specifically for transit repairs, so we keep those within the 4502 of the Transit Operations section, and then the Small Equipment, 4503 division, is particularly for repairs on the Department of Public Works, Department of Parks and Recreation, and all of the other County departments' small equipment that we carry out for the County.

Committee Chair Kaneshiro: On the same page, the equipment line item, what is a "Bus Washer," besides a person that might be washing the bus?

Ms. Mahikoa: It would be great if you guys have the opportunity to come down and see our wash rack. If you look at our repair shop building on the far right side, that is where our vehicles are able to pull in and we have this large upright piece of equipment that basically has big swirling brushes that the drivers are able to push around the bus and it is able to wash at least most of the bus. They need to go with a separate brush and get the harder to reach areas. That is basically what it is in order for us to maintain the vehicles.

Committee Chair Kaneshiro: So it is like a moveable drive-through carwash that you can move around?

Ms. Mahikoa: Right.

Committee Chair Kaneshiro: Okay. Any other questions from the Members? We are still in operations. Councilmember Kualii.

Councilmember Kualii: I guess I am trying to determine if it went from Substitute Driver to Driver or from Driver to Substitute Driver? Reallocation position 9442, reallocated on September 16th. The salaries are remaining the same and position

9310 reallocated on December 1st, and the salaries remain the same. Are those former bus driver substitute positions that are becoming regular bus driver positions or the reverse?

Ms. Mahikoa: Yes, we were allowed to reallocate three (3) on-call bus drivers from on-call to full-time. That was noted in our budget last year. So those are two (2) of the three (3) that we have been able to reallocate thus far.

Councilmember Kualii: So you had the ability to do three (3) and you did two (2).

Ms. Mahikoa: Yes.

Councilmember Kualii: The group above that is one hundred percent (100%) says "Bus Drivers' salaries funded by Highway Fund." Are these fifty percent (50%) the lower amount also funded by the Highway Fund?

Ms. Mahikoa: I am sorry, which ones?

Councilmember Kualii: In the budget, it has bus drivers, which thirty-five (35) of them are at \$45,930, and then below it has bus drivers, twenty (20), at \$22,965 and it says "approximately fifty percent (50%)." There is a note under the first grouping of thirty-five (35) positions that says "Bus Drivers' salaries funded by Highway Fund." Is it also applicable to the fifty percent (50%) positions, the second grouping?

Ms. Mahikoa: For that second grouping, I believe are those that are half-funded by the General Fund and half by Federal Transit Administration Section 53-11 funds, our operating assistance that we receive from FTA.

Councilmember Kualii: FTA?

Ms. Mahikoa: Yes.

Councilmember Kualii: Okay, so the second grouping is fully-funded positions; it is just half-funded by the General Fund?

Ms. Mahikoa: Yes.

Councilmember Kualii: So General Fund, fifty percent (50%). Where is the other fifty percent (50%) coming from? Not the Highway Fund, something else?

Ms. Mahikoa: FTA, federal grants.

Councilmember Kualii: Okay.

Ms. Mahikoa: So that first group is covered one hundred percent (100%) General Fund; however \$803,775 is moved to Highway Fund. Actually, Highway Fund covers \$803,775 of that total \$1.6 million. For the second group of

twenty (20), it is fifty percent (50%) General Fund and fifty percent (50%) Federal Transit Administration.

Councilmember Kualii: The \$803,000 is the Highway Fund's share of the \$1.6 million.

Ms. Mahikoa: Yes.

Councilmember Kualii: Okay. The last thing is the "Heavy Vehicle Mechanic I" used to be a "Transit Fleet Mechanic?"

Ms. Mahikoa: Yes.

Councilmember Kualii: That was a reallocation that just happened on March 1st?

Ms. Mahikoa: Yes.

Councilmember Kualii: So the \$55,050 is the new salary for the Heavy Vehicle Mechanic I.

Ms. Mahikoa: Yes.

Councilmember Kualii: The old position was a lower salary position?

Ms. Mahikoa: That is correct.

Councilmember Kualii: Okay. Thank you.

Committee Chair Kaneshiro: Any further questions for operations?
Councilmember Yukimura.

Councilmember Yukimura: For some reason, this is on page 293. Is that alright?

Committee Chair Kaneshiro: We are going to get there.

Councilmember Yukimura: Okay, I will wait.

Committee Chair Kaneshiro: Any further questions for operations? If not, we are going to move on to small equipment and maintenance, page 267 and 268. No questions? Councilmember Yukimura.

Councilmember Yukimura: This unit was formed a while back, maybe three (3) years ago.

Ms. Mahikoa: I believe it was three (3) to four (4) years, yes.

Councilmember Yukimura: How is it working?

Ms. Mahikoa: It is going alright.

Councilmember Yukimura: Okay. There was a proposal, and I do not know how far along it is, to include the bus repair and maintenance services all under one (1) roof and the automotive shop, so I was just wondering if...the Administration said they were going to research how it works and what is best practice. I was just wondering, from your standpoint as the Transportation Agency, what your understanding is of the best practice. Is that going to be covered in your short-term transit plan or long-term?

Ms. Mahikoa: They will come out with recommendations. Naturally, we see that there are advantages and disadvantages, depending on how it is carried out. I am not all that familiar with what overall best practice would be in a situation like this because I believe every situation is different.

Councilmember Yukimura: It could really affect your services, right? Maybe for good or for bad—I do not know. It seems to me that that is something you folks should have really big participation in, in terms of you know best the issues of keeping your fleet maintained.

Ms. Mahikoa: Right.

Councilmember Yukimura: I am hopeful that you will really gain as much knowledge as you can because that is a really big decision.

Ms. Mahikoa: Right.

Councilmember Yukimura: If you find after it is made that it is not working, that is kind of a difficult thing, so hopefully you will be asked for input and will be able to help guide that decision-making process. Thank you.

Committee Chair Kaneshiro: I have a follow-up to that. I had an assumption in my head what this department was, but can you just give me an overview of what this department does, the mechanical repair workers?

Mr. Lee: For the record, Kalawai'a Lee. The Mechanical Small Equipment Mechanical Repair Shop is for small equipment of the County, so primarily the Department of Public Works and the Department of Parks and Recreation's riding mowers, push mowers, weed eaters, and things of that nature. Really, anything four (4) cylinders and below is what comes to that small equipment repair shop that is housed within the Transportation Agency. That is pretty much the scope of their services. We have a team of two (2) people that work on small equipment repairs.

Committee Chair Kaneshiro: Okay. I guess my assumption was wrong. I thought this was for minor repairs to buses. Any bus repairs goes to the auto shop?

Mr. Lee: Sorry, no, Councilmember. We have a team of four (4) mechanics that work on our heavy equipment. Those were what we just talked about in the previous section.

Committee Chair Kaneshiro: In operations?

Mr. Lee: Yes. We have probably about ninety percent (90%) of all of the work that needs to happen to maintain our vehicles in-house. It would be our mechanical repair shop, heavy equipment repair.

Committee Chair Kaneshiro: Okay.

Ms. Mahikoa: It is not a transit-related function, the small equipment shop; however, we have been asked to take care of that element of the County's needs.

Committee Chair Kaneshiro: That was my confusion.

Councilmember Yukimura: Thank you for clearing up my vague understanding, too. Actually, that is something that could easily move to an automotive shop when it becomes more comprehensive, because it is not that much related to the bus service.

Ms. Mahikoa: Yes.

Committee Chair Kaneshiro: Is the justification for putting this type of service in your department about space? Why would you have a Department of Public Works function at your Transportation Agency in your baseyard?

Ms. Mahikoa: I suppose basically we had effective systems setup and space-wise were able to accommodate that at the time when the decision was made. We were willing to assist with that need.

Committee Chair Kaneshiro: So they are not doing any bus or transit work though?

Ms. Mahikoa: We do have one (1) Small Equipment Mechanic who we are able to, through the way his position description is defined, when the demands in small equipment are low, we are able to ask him to assist with the transit fleet repairs as well.

Committee Chair Kaneshiro: Okay. Councilmember Kuali'i.

Councilmember Kuali'i: I am sorry, but I want to go back. You have the third grouping of "On-Call Drivers," but unlike the other grouping that had a total amount and what the salary is, it just says "On-Call Drivers, fifty percent (50%), Bus BC-07, and Van BC-05."

Ms. Mahikoa: Yes.

Councilmember Kualii: Are there set numbers of positions for each of those and set salaries that end up totaling this \$252,000 total?

Ms. Mahikoa: These are strictly hourly pay.

Councilmember Kualii: Okay.

Ms. Mahikoa: So these are our on-call drivers who are paid hourly, therefore, it fluctuates per person based on their availability and the hours that they are assigned.

Councilmember Kualii: You have this pool of money and pool of position numbers and you use them to fill-in by the name or on-call?

Ms. Mahikoa: Yes. That grouping is also fifty percent (50%) General Fund and fifty percent (50%) federal.

Councilmember Kualii: But these positions are actually assigned to individuals, so over time, their rate is following the regular bus driver rate. So depending on who actually gets the call, then you pay whatever.

Ms. Mahikoa: Yes.

Councilmember Kualii: Okay. Is the van driver something different? What is a Van BC-05?

Ms. Mahikoa: A Van BC-05 is an individual who can only transport up to fourteen (14) in the small buses.

Councilmember Kualii: In the two (2) groups above, none of them include van drivers?

Ms. Mahikoa: No.

Councilmember Kualii: So it is just in this group, so the number would probably be some specific numbers. The other thing on all of these numbers down here, 9299, 9405, 9431—they are all “9s” with four (4) digits, and then at the very end there is one that is “10393.” Why is that number so different? Is that maybe the van driver?

Ms. Mahikoa: No. I believe at one point, they assigned us five (5) digit numbers and I apologize because I do not remember the reasoning behind why. That was quite a few years ago. We just maintained those numbers since.

Councilmember Kualii: It is just another one of the grouping of bus driver or van driver. Okay. Thank you.

Committee Chair Kaneshiro: Any further questions? Councilmember Yukimura.

Councilmember Yukimura: So your "Wages and Hourly Pay" line item, that fifty percent (50%) is General Fund, so there is another fifty percent (50%) in the Highway Fund?

Ms. Mahikoa: I believe that is FTA.

Councilmember Yukimura: Oh.

Ms. Mahikoa: They are also covered fifty percent (50%) through this Section 53-11 funds.

Councilmember Yukimura: So that is federal moneys?

Ms. Mahikoa: Yes.

Councilmember Yukimura: Okay.

Ms. Mahikoa: All of our on-call drivers and half or twenty (20) of our full-time drivers are paid fifty percent (50%) with General Fund and fifty percent (50%) with federal.

Councilmember Yukimura: Okay. Thank you.

Committee Chair Kaneshiro: Back to the mechanical repair workers, is any of this covered by...is this all General Fund or is some of it covered by Highway Fund?

Ms. Mahikoa: I believe this is one hundred percent (100%) General Fund.

Committee Chair Kaneshiro: Okay. My second part to it would be do they work on equipment that is used for the highway such as lawnmowers and those types of equipment? Could some of their expenses be allocated to the Highway Fund?

Mr. Lee: The equipment is used by the Department of Parks and Recreation and the Department of Public Works and their various divisions, so we do not know where they are assigned to do their jobs, but potentially yes.

Committee Chair Kaneshiro: So it could be mowing a park, but it may be trimming trees along the highway or something, too?

Mr. Lee: I am not sure how the equipment is assigned out.

Committee Chair Kaneshiro: Okay. Councilmember Yukimura.

Councilmember Yukimura: So this cost of small equipment maintenance, \$256,000—is that then considered part of your budget?

Ms. Mahikoa: Yes, it is part of the Transportation Agency's budget.

Councilmember Yukimura: Even though it is not really related to Transportation's services?

Ms. Mahikoa: Right.

Councilmember Yukimura: That does not sound like good budgeting because it reflects...when you consider the per ride cost, you are not including that, right?

Ms. Mahikoa: No, the per ride cost does not include this.

Councilmember Yukimura: Okay.

Committee Chair Kaneshiro: I am actually sending a follow-up question in E-mail to the Department of Public Works and the Transportation Agency. Is there any intent to bring back to the Department of Public Works, mechanical repair workers, especially with the consolidation of Building Division to the Department of Public Works?

Councilmember Yukimura: The thing is do you need one of those mechanical workers for the work that you need done for buses? You said you share, but it was with buses being the lower priority. Is that going to affect your operations if those mechanics are moved back into the Department of Public Works' domain?

Ms. Mahikoa: Based on the workload that we have seen and the way that we have needed to allocate it, I do not see it bearing heavily on the transit operation.

Councilmember Yukimura: Okay. That is good if it is easily separable. Thank you.

Committee Chair Kaneshiro: Any further questions for the small equipment maintenance section? If not, we will move on to administration, page 292. Councilmember Yukimura.

Councilmember Yukimura: So your line item of \$650,000 under "Automobiles"—that actually refers to buses?

Ms. Mahikoa: Yes.

Councilmember Yukimura: Is that the twenty percent (20%) match to federal moneys?

Ms. Mahikoa: Potentially so, yes. That is the line item that we utilize for federal grant announcements to service our matching funds, and should no federal funds become available during the fiscal year, then we will utilize that line item to replace as many vehicles that we are able to through the General Fund.

Councilmember Yukimura: So if federal moneys do not become available, we have to get new buses anyway or replacement buses anyway, so that is what we would use. We would prefer to have federal funds so we could leverage this amount.

Ms. Mahikoa: Exactly.

Councilmember Yukimura: Okay.

Ms. Mahikoa: So this current fiscal year we are in right now, there were no announcements allowing us to proceed with a large purchase for replacements, so we are proceeding with using one hundred percent (100%) general funds for purchasing vehicles. There was an announcement that just came out, I believe it was last week or the week prior, of which this will accommodate our ability to offer the matching funds required in order to get an award through FTA for vehicle replacements.

Councilmember Yukimura: Just recently, a notice came out about federal moneys available for bus.

Ms. Mahikoa: Yes.

Councilmember Yukimura: Okay.

Committee Chair Kaneshiro: Just for clarification, this bus match is General Fund or is it Highway Fund money?

Ms. Mahikoa: I am sorry, it is Highway Fund. Thank you.

Committee Chair Kaneshiro: Okay. Any further questions on this line item? If not, we will move on to the operations. For clarifications, this is operations that are paid for by Highway Fund, right?

Ms. Mahikoa: Yes.

Committee Chair Kaneshiro: Page 294 and 295. Any questions from the Members? Councilmember Yukimura.

Councilmember Yukimura: Just for clarification, Chair, we looked at administration twice; one for General Fund and one for Highway Fund. That is why I was a little confused.

Committee Chair Kaneshiro: Yes.

Councilmember Yukimura: It is the same thing with operations. We are looking now at the Highway Fund portion of operations.

Committee Chair Kaneshiro: Yes.

Councilmember Yukimura: So you have Repair and Maintenance (R&M) and there is your Fuel line item.

Ms. Mahikoa: Yes.

Committee Chair Kaneshiro: Yes, the \$780,000.

Councilmember Yukimura: Okay. This \$350,000 for R&M vehicles, is that just a portion or is that all of your R&M?

Ms. Mahikoa: That is all of the R&M for transit vehicle parts and repairs.

Councilmember Yukimura: Okay. This is pretty much standard from year-to-year. That is about how much it has been running.

Ms. Mahikoa: Yes.

Committee Chair Kaneshiro: Any further questions? Councilmember Yukimura.

Councilmember Yukimura: Thank you. That line item will go up if we do not do timely replacement of our buses.

Ms. Mahikoa: Exactly.

Councilmember Yukimura: Okay. Thank you.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: Sorry, I am having a Monday morning catch-up. I have to go back again. On the total line item of \$650,000 for bus match, that is part of some bigger amount that is in the plan for bus purchases every year. You probably have a multiyear plan.

Ms. Mahikoa: Yes.

Councilmember Kualii: I know we have seen an equipment purchases report from Finance. Are you part of that report or is there a vehicle report?

Ms. Mahikoa: I am not aware if we are...

Councilmember Kualii: In your report that you just gave us, the ten (10) page written report, do you have any kind of breakdown of what the plan is for spending that money for purchases?

Ms. Mahikoa: We did not provide one; however, we can.

Councilmember Kualii: Yes, I would like that. Thank you.

Committee Chair Kaneshiro: I have a general question. For all of these federal matches, have we received the federal money every year or have there been years where we have not received federal money?

Ms. Mahikoa: There have been years where we have not, such as this current fiscal year that we are in. As we see it timing-wise, sometimes it just works out that way, where now we are getting near the end of the fiscal and the announcement came out, and then we will be proceeding with it, but that will not apply to next fiscal year's purchase. It fluctuates. "We need to be ready for anything" basically is how we have needed to operate.

Mr. Lee: Sometimes the funding approval will take a long time when it comes to the State. We heard of the federal notice of a grant, but there is not anything yet that we apply for. Sometimes it can take a while to get processed through the State as the direct funders, through FTA, the Federal Transit Administration. At this point, it can be a while.

Committee Chair Kaneshiro: Okay. Any further questions for Transportation? If not, we will take a quick ten (10) minute caption break so we can have about half an hour for Housing. We can get Housing to do their presentation and we can ask them some questions. Then if we need to, we can take lunch and come back and we have Housing and Liquor left.

There being no objections, the meeting recessed at 11:54 a.m.

The meeting reconvened at 12:04 p.m., and proceeded as follows:

Committee Chair Kaneshiro: Welcome back. Next up, we have Housing. We have our new Housing Director, Kanani Fu. She is going to do a brief presentation on her budget.

KANANI FU, Housing Director: Good afternoon, Chair and Members. Kanani Fu, Housing Director with the Housing Agency.

GARY MACKLER, Housing Development Coordinator: Good afternoon, Councilmembers. Gary Mackler, Housing Development Coordinator.

Ms. Fu: On behalf of the Housing Agency, we would like to present to you our Fiscal Year 2017 budget presentation. The mission statement of the

Housing Agency is to provide greater opportunities for safe, decent, and quality housing, and to promote and sustain community development for the people of Kaua'i. The Housing Agency is divided into three (3) divisions. First, we have the administration, whose role is to set agency goals, develop strategies and solutions, and pursue opportunities to address Kaua'i's housing needs. The administration also provides overall supervision of staff and fiscal management, as well as administering the County's Workforce Housing Policy. The Housing and Community Development Division oversees the HOME Investment Partnership Program (HOME), the Community Development Block Grant (CDBG) program, the Homebuyer Loan Program, Fair Housing Program, and oversees project property management of County-owned properties. The Rental Assistance Division is responsible for administering the Housing Choice Voucher (HCV) Program, commonly referred to as the Section 8 Program, as well as overseeing the Family Self-Sufficiency (FSS) Program.

Mr. Mackler: The Housing Agency, in our strategic plan, has five (5) primary strategic goals. They are to preserve tenant-based rental subsidies for our Housing Choice Voucher Program to maintain and expand affordable housing inventory to meet the needs of Kaua'i's population, increase financial capacity of our agency to support our goals and objectives, to provide efficient, consistent, and quality delivery of services, and to promote and sustain community development activities.

Ms. Fu: Our successes and achievements—in the past fiscal year and moving forward, we looked at the characteristics and components that we use in our projects and we are going with the acronym "PLOP." So our projects have the "Partnership, Leverage, Opportunity, and Policy," so in many of our successes, the projects that we decide to move forward with, our strategic planning, incorporates this "PLOP" characteristics in them. Some of our successes for our Rental Assistance Division are that Housing Choice Voucher Program serves over six hundred (600) households and issued more than \$6,000,000 in rental assistance. This is \$6,000,000 that is being generated into the rental housing market for our landlords here on Kaua'i. We had forty (40) new households join the HCV Program and our Family Self-Sufficiency Program, which is a program that works in conjunction with our Housing Choice Voucher Program, currently served in the fiscal year eighty-nine (89) households with the goals of helping to increase their economic self-sufficiency. Some of those accomplishments last year were the increase of their average income by \$8,727. We had six (6) participants transition into nonsubsidized housing and we had eight (8) participants who graduated from the program and received escrow payments.

Mr. Mackler: In the area of Fair Housing, we conduct an annual Fair Housing Workshop to further education for landlords and tenants. Last year, sixty-five (65) individuals attended this training. We have experts that come from the State and from the United States Department of Housing and Urban Development (HUD) to perform the training. I do want to just put in a quick plug that the next Fair Housing Workshop is coming up on April 19th. It will be at our Pi'ikoi Meeting Rooms. Anyone that is interested can contact the Housing Agency for more information at 241-4444. We also staff in our agency personnel to run the Community Development Block Grant program, which covers four (4) primary areas: public services, public facilities, housing, and economic

development. This slide just features two (2) activities among many CDBG-funded activities that we do on an annual basis. We are averaging, I would say, between eight (8) to ten (10) CDBG-assisted activities per year and one of the leveraging that we do as a housing agency is that for every dollar of CDBG funding, we are leveraging approximately \$3 of non-CDBG funding to carry out various activities.

Ms. Fu: In addition to leveraging funding, the CDBG grant also touches over two hundred forty-three (243) individual participants who are working with the organization. When we look at projects that we decide to pursue development, as well as looking at our Section 8 Housing Choice Voucher Program, this is a scenario we are working with. The 2011 Hawai'i Housing Planning Study gave us a number of one thousand three hundred twelve (1,312) units needed by 2016, of which nine hundred thirty-six (936) are needed just for rental units. In breaking that number down of the nine hundred thirty-six (936), we have about seven hundred twenty-five (725) that are needed for the households earning eighty percent (80%) of the Average Median Income (AMI) and below, so for our low-income families. In increasing the rental units, if we can increase the supply of units, we know that we can directly increase our Housing Choice Voucher Program because we have a greater supply, we can lease out more units for the program, and we can serve more families. To note, the 2016 eighty percent (80%) AMI for a family of four (4) is \$65,600 and the income for Kaua'i, the AMI this year is \$74,300.

Mr. Mackler: Since the last planning study, we wanted to feature on this slide what new inventory has been created and the projects that are shown are Pa'anau Village Phase II, Kaniko'o Phase I, Rice Camp Senior Housing, Kolopua, Princeville, and the first phase of the 'Ele'ele Iluna Habitat Project. That represents one hundred seventy-two (172) units completed. These were projects that were done in partnership with nonprofit housing developers and for-profit. One of the things that we are trying to do and feature is how we leverage our federal block grant funds. Pa'anau, Kaniko'o, and Kolopua all used HOME funds, approximately \$4.3 million in HOME funds, and were able to leverage approximately \$40,000,000 in tax credits to finance the construction of these projects. It also features opportunity. Whenever we can utilize land that is conveyed through ordinance conditions or acquire sites, as we did with Kaniko'o, we look at those opportunities as resources to develop and increase affordable housing.

Ms. Fu: Future inventory in progress that is in the books or currently being developed totals four hundred fifty-five (455) units. The first one, Kaniko'o, is in partnership with Vitus Development. Next to 'Ele'ele Iluna, increment A and B, is with Habitat for Humanity. Koheha Loa is a development with a private developer with the thirty-three (33) units coming out of an ordinance. Koa'e Workforce Housing also came from an ordinance with Kukui'ula, and Lima Ola Phase I is a development headed by the County Housing Agency. Even if we are combining our completed and future inventory, Kaua'i still has a huge gap of unit deficit and it continues to grow. There are different studies pushing out different numbers right now and the latest from Department of Business, Economic Development and Tourism (DBEDT) is two thousand five hundred (2,500) in the next ten (10) years for Kaua'i. We are currently underway with our updated Hawai'i Housing Planning Study, and when that is completed at year's end, we will have a better idea of what the real deficit is. Some of the solutions we look at, which

we know are long-term, are exploring to establish a County fund for affordable housing and development. Counties who have this are able to use some of the tax funds to promote increased development, as well as amending the housing policy to encourage development and eliminate barriers and establishing a community land trust.

Mr. Mackler: Some of the projects that Kanani just mentioned that are upcoming and in process, Kaniko'o Phase II—this is the final phase of the senior housing rental project in Lihu'e. This second phase broke ground in March and it will add thirty (30) units, which will bring the total project density to ninety (90) units. We anticipate that occupancy of the second phase will occur in November 2016.

Ms. Fu: On the west side, we have 'Ele'ele Iluna, which is a project spearheaded by Habitat for Humanity. The County has been instrumental in providing federal grant funds for offsite and onsite infrastructure. Increment A will bring construction of forty-eight (48) new homes and Increment B will consist of fifty-nine (59) new homes. With the infrastructure, we are slated to commence this summer. This project is an example of the partnerships that we have with the community. In addition to just funding infrastructure, we are also working with Habitat. They became a total certified agency, so that enabled them to get more funding from federal grants. We are also working on ways to leverage our Homebuyer Loan Program to help some of those homebuyer participants to secure financing for their housing.

Mr. Mackler: This next slide is for the Koa'e Workforce Housing Development in Po'ipū. This is a project that we are very excited about. Last October, we issued an RFP to select a developer, which we have completed. This project will provide one hundred thirty-six (136) new permanently affordable rental units for the south shore. Right now, we are looking at seeing the commencement of construction in spring of 2017 with housing delivery to come off in March of 2018. This is a one (1) phase development. It exemplifies again how we can leverage our federal block grant dollars. We have \$2.5 million of HOME funding. This project will utilize \$29,000,000 of tax credit financing. Of course, it will utilize the land that the County owns, which was conveyed by A&B Properties, Inc., as part of the Kukui'ula Ordinance. As you can see from the slide, just the approximate location is right off of Po'ipū Road with frontage on Po'ipū Road, and then on the opposite side on the east side is actually bordered by Waikomo Stream. You see the historic cane haul road, which runs through the property. This will be a significant workforce inventory that we can bring to Kaua'i.

Ms. Fu: As we look at our County resources and work towards utilizing every tool we have in our toolbox, we have Lima Ola, which is our largest project that we are undertaking in this fiscal year. It consists of seventy-five (75) acres, which is currently going through the process for permit approvals. Lima Ola at full buildout will be one hundred percent (100%) affordable housing. We are incorporating green features to promote healthy lifestyles and it is designed to encourage social interaction. The placement of Lima Ola is near our Habitat for Humanity community, so we are just expanding the reach of affordable housing on the west side community. Phase 1, which we expect to commence site work in 2017, will be the first buildout containing one hundred fifty (150) new units. It will consist of both single-family homes

and multi-family units. The Lima Ola site is being heavily...we have partnerships, including financing assistance from our State counterparts. We are pursuing various opportunities to work with both the private nonprofit and health sectors to design our community parks/community center. We are also using policy, so the 201H policy, which is allowed through the State HRS, is what we will be using to entitle Lima Ola.

Mr. Mackler: This slide is of a completed rehab for the Līhu'e Court Townhomes. We talk about adding new inventory, but we also have a responsibility to preserve the inventory that is produced, as we do with our Kālepa Village and Pa'anau Village projects. The Mutual Housing Association came to us to request HOME program funds for themselves as a community housing development organization to utilize those funds for the rehab. We were able to assist them with completing the final twelve (12) buildings in the development with exterior rehab work to preserve the useful life of this project by at least another twenty (20) years. Basically, it worked out to about \$9,600 per unit to extend the life, which is about \$484 a year. It is a really great value and it is one hundred seventy-three (173) units here in Līhu'e, so it is really important to keep that project preserved well, as it is for the other projects that we have. So it is complete.

Ms. Fu: Moving forward in our fiscal year, some of the challenges that the Housing Agency is facing is reduced federal funds, which impacts our agency programs, as well as increased collective bargaining costs; the near depletion of our Housing and Community Development Revolving Fund, which has supported a lot of our administration, as well as our development projects over the past twenty (20) years; and the limited supply of rental housing inventory that we experience here on Kaua'i is slowing us down in our Section 8 Housing Choice Voucher Program. Some of the ways to address these challenges is planning to reduce costs and increase productivity. We have eliminated agency vehicles or abstained from purchasing vehicles, as well as abstain from hiring vacant positions. We have been doing a lot of partnering with public and private organizations, and from the partnerships we get the leveraging, more opportunities, and even working on policy amendments and policy legislation.

Our Fiscal Year 2017 budget is fairly self-explanatory. The salary, wages, and benefits category, the increases are due to our increase in our collective bargaining costs. Our main increase of our operations budget, which I noted here on the slide, is we are funding a grant to expand Kaua'i Economic Opportunity (KEO) shelter services, which will expand their capacity for the nighttime shelter, as well as open their shelter for daytime hours, which we have a Ho'omalua Grant Assessment write-off from 1998, and the additional moneys being requested is for the repair and maintenance costs for the Waimea Theater. That is it. Thank you.

Committee Chair Kaneshiro: Okay. Thank you. Questions from the Councilmembers? Councilmember Yukimura.

Councilmember Yukimura: Thank you very much for a very good presentation. I just want to really thank and commend you for the project you did with Līhu'e Courts because a "stitch in time saves nine (9)" is a really true thing. Gary, you said that we put in an average of \$96 per unit. Is that what you said?

Mr. Mackler: Let me clarify. The total project cost for the rehab was \$959,000 and that involved rehab for ninety-nine (99) units. Basically, that works out to \$9,691 per unit. When you look at the life extension or the increase in life expectancy of the buildings, which is approximately twenty (20) years, that works out to about \$484 per unit.

Councilmember Yukimura: \$480 per unit?

Mr. Mackler: Per year, per unit.

Councilmember Yukimura: Okay. That is an incredible savings. I am reminded of a two (2) story unit right outside of Kalāheo School that was under the State jurisdiction, but it was all boarded up because it had not been maintained and I think the rehab cost was tremendous, in terms of...maybe that was a duplex, so two (2) units. This is very timely and very excellent use of leveraging of moneys. Thank you. For the additional twenty (20) years that we are getting, we do not have to build another twenty (20) units to replace them. Thank you.

Committee Chair Kaneshiro: We have about five (5) more minutes before lunch, so we will take whatever questions we can get before then.

Councilmember Yukimura: I guess my main concern...I think I was looking at your strategic plan, which was part of your narrative. You are saying that this is a strategic plan for 2012-2017. I think it was started by Kamuela Cobb-Adams and you are continuing it. So “maintain and expand affordable housing inventory to meet the needs of Kaua‘i’s population.” For Fiscal Year 2017, you show your various projects, Kaniko‘o, Koa‘e, Kohea, Lima Ola, scattered State lots, and ‘Ele‘ele Iluna Phases A and B. It seems to me that we are sort of “west side heavy” because most of the units are...there is what...two hundred eighty (280) units being planned for the west side and nothing in place for the north shore, east side, or Līhu‘e—well, Līhu‘e has Kohea. That is the Hanamā‘ulu triangle, right?

Mr. Mackler: Yes.

Councilmember Yukimura: But there is only going to be thirty-two (32) affordable units. What is the plan for the Housing Agency to, within the context of our land use planning and the desire that we have more growth in Līhu‘e and near job centers like south shore, east side, and north; what is the plan for providing affordable housing in those areas?

Mr. Mackler: Well, for the last twenty (20) years, we have been looking for sites on the east side. That has been one sector of the island that has been very difficult to find places to build new affordable housing. I do want to just mention with Kohea Loa that this is for the first phase, but ultimately over the four (4) phases of Kohea Loa, there will be approximately one hundred fifty (150) affordable housing units that will come to that particular site, the triangle piece. So there will be added affordable housing inventory there. Our strategy over the years has been to try to deliver affordable housing

islandwide. Kolopua is an example of the project on the north shore that opened last year; a long awaited project as you know. Koa'e, which is in the south shore workforce central, is moving forward and we expect a good result for that project as well.

Councilmember Yukimura: Koa'e is very exciting.

Mr. Mackler: There are limitations on our resources on where we can acquire land or when land is conveyed through ordinance, there are not many opportunities...there have not been, at least over the last twenty (20) years that I recall. It is very difficult to plan when you do not have those resources because it is quite random at times whether you are going to get land or not.

Councilmember Yukimura: But you are drawing a lot of resources to the west side by focusing your attention and energies there. You have a lot of State grants coming and so forth. So the one hundred fifty (150) at Kohea is over what period of time?

Mr. Mackler: It is dependent on the development schedule of the development. Right now, as you know, they have started site work for the first initial phase and we do know just in discussion with the DR Horton officials that they would like to roll right into the second, third, and fourth phases if that is possible, but it is really contingent upon their schedule. There is nothing in that particular ordinance or ordinances that affect that land that compels them to develop by a certain target date.

Councilmember Yukimura: So the thirty-two (32) units do not have a timetable either at Kohea?

Mr. Mackler: Well, they do. We expect that those units will be delivered concurrent with the market housing in the first phase.

Councilmember Yukimura: What is the timetable for that?

Mr. Mackler: They just started site work. It is about a six (6) month process, and then you would normally figure about ten (10) months to complete the units thereafter.

Councilmember Yukimura: So in about two (2) years.

Mr. Mackler: Two (2) years or less.

Councilmember Yukimura: Yes. Okay. Is it the policy of the Housing Agency to just go where it is easiest?

Mr. Mackler: No, not at all. It is the policy of the Housing Agency to use all of its resources because every side of this island needs affordable housing and our policy is to try to take those opportunities to increase inventory.

Councilmember Yukimura: Right. With the hundred units that Habitat is already slated to do in 'Ele'ele, why is the Housing Agency not focusing on Mahelona, the Kapa'a baseyard site, or some of those possibilities?

Mr. Mackler: We have done exhaustive feasibility analyses of those State lands. I would describe it as climbing to the top of the mango tree to get that last mango on top. It is really not "low-hanging fruit." The sites that were originally identified all have very serious constraints in terms of their topography and in terms of the developable amount of land that they provide us with infrastructure constraints. They are also all ceded lands, so there has to be coordination and cooperation with the Office of Hawaiian Affairs (OHA) to meet their requirements. At the end of the day, we looked at these for several years. We have carefully analyzed these sites and elected or determined that they really were not good sites for development.

Councilmember Yukimura: So the old baseyard site is ceded land?

Mr. Mackler: It is. That one I recall, in particular, had a very important constraint that we looked at with flooding because when Federal Emergency Management Agency (FEMA) rewrote the flood maps for Kaua'i last, it added a lot of that site, more of that site actually, into the flood zone area. It is at sea-level, so it is not a "low-hanging fruit" for us.

Councilmember Yukimura: Are you aggressively negotiating with some of the developers who are proposing major developments for Kapa'a-Wailua?

Mr. Mackler: For which one?

Councilmember Yukimura: For Kapa'a-Wailua.

Mr. Mackler: Currently, no. Which project in particular are you referring to?

Councilmember Yukimura: I think it is Mr. Allen's project.

Ms. Fu: Until they submit a formal application, the Housing Agency does not step in. So a formal application for either zoning or building permits would need to be submitted to the County. I think we have had preliminary discussions on what they intend to build or propose to build, but they have not submitted a formal application yet.

Councilmember Yukimura: So you are not suggesting certain things for them to include in their application?

Ms. Fu: We are not.

Councilmember Yukimura: Okay.

Committee Chair Kaneshiro: We are coming up on lunch, so we will take one last question.

Councilmember Yukimura: Okay. It is related. The Courtyards at Waipouli is a really big potential for eighty-two (82) units to be permanently affordable in a very important job site and I think you put \$50,000 or something in the budget. Why would that not be in your Fiscal Year 2017 plan as well?

Ms. Fu: The proposal that is in our budget for the \$50,000 is intended to conduct a feasibility and financing study. The Housing Agency currently does not support the purchase of that until this study is completed. We did run our pro forma, which was provided to the Council prior and right now we are unable to purchase it, given our constraints and given the financial structure, which the Housing Agency is aware of. Part of issuing the RFP that we want to issue is to look at developers who are versed and knowledgeable in the sense of financing because there could be something out there that we are missing. We are not knowledgeable about that, which is why we are asking for this professional help, and should we have that answer in a clear way, I believe we will support the project. We just do not have enough information at this time.

Councilmember Yukimura: I am not asking whether you support the project; I am asking whether it is on your goal sheet for acquiring it if it is feasible.

Ms. Fu: It will be when it is determined that it is feasible to purchase. Right now, our work does not say that, which is why we are asking for a better opinion or more knowledge from a qualified person who can help us finance the project.

Councilmember Yukimura: But if you can, you would like to acquire it, right?

Ms. Fu: Yes.

Councilmember Yukimura: Okay. Great. Thank you.

Committee Chair Kaneshiro: With that, we will take a one (1) hour lunch break. We will be back around 1:35 p.m. or so.

There being no objections, the meeting recessed at 12:37 p.m.

The meeting reconvened at 1:40 p.m., and proceeded as follows:

Committee Chair Kaneshiro: Welcome back. We are back to the Housing Agency and continuing questions. Councilmember Hooser.

Councilmember Hooser: Good afternoon.

Ms. Fu: Good afternoon.

Councilmember Hooser: You mentioned earlier that there were various estimates of the housing needs. You mentioned the term two thousand five hundred (2,500) units. Is that by DBEDT?

Ms. Fu: Yes, the study I was referring to was done by DBEDT in 2015 and it gave a number until 2025 and I cannot recall exactly, but that is why I wanted to go back and see. I believe it was ten thousand (10,000) units.

Councilmember Hooser: Ten thousand (10,000)?

Ms. Fu: Yes, ten thousand (10,000) units in ten (10) years, so I wanted to check.

Councilmember Hooser: Okay. Were there any general parameters like how many single-family homes or how many one (1) bedrooms? Do we have a particular need for particular types of units like two (2) bedrooms or one (1) bedroom?

Ms. Fu: That data would be more extracted in the SMS Housing Planning Study that we do, as well as for the island, specifically, that has not been narrowed down in scope. It is generally rental versus for sale or homeownership.

Councilmember Hooser: So there is a greater need for for-rental properties perhaps? Is that what you are saying?

Ms. Fu: If we are going off of this study, the 2011 study that was done by the Hawai'i Housing Planning Study, then yes. Of the one thousand three hundred twelve (1,312), nine hundred twenty-five (925), which is the majority, is needed for rental units.

Councilmember Hooser: Was there any geographical part of the island that particularly needed more so than others?

Mr. Mackler: We have not had that breakdown in past studies; however, this upcoming study that will be released this year, another update to Kaua'i's housing market, will provide us data by planning area. We are trying to match up with the Planning Department's planning areas, so that data will actually track those areas as they are defined.

Councilmember Hooser: For the County of Kaua'i to develop an affordable housing unit, I know it is hard because there are one (1) bedrooms and three (3) bedrooms, but what would be the range of costs that it costs to us create a new units?

Mr. Mackler: Well, recent projects that were done and are being done on Kaua'i...they are coming in around \$290,000 to \$300,000 per unit; these are for multifamily rental housing projects. We expect the next study to also tell us that the rental market is going to be very tight, that the demand will be largely for rental units. We recently did a survey of our projects, as well as the rental projects that we have assisted

financially, and it was done last week, in fact, and there are approximately one thousand four hundred (1,400) people waitlisted for these projects.

Councilmember Hooser: That was around \$290,000. Was that the number you said it would approximately cost to develop?

Mr. Mackler: No, it is about \$300,000.

Councilmember Hooser: \$300,000?

Mr. Mackler: Yes.

Councilmember Hooser: Okay. I guess where I am going with this is that the Administration has presented a bill that we are working on and if the average cost is \$300,000 to develop a unit, it seems like providing an incentive to individual lot owners or property owners to do it would make a lot of sense if there were some assurances that it would be affordable; whether it is a \$20,000, \$30,000, or even a \$100,000 incentive, it would be much cheaper than \$300,000 if we knew it was going to be a rental unit. Would you like to comment on that?

Ms. Fu: Yes. First of all, we support that idea and the Housing Agency recognizes that we cannot only rely on the public to produce these units that are needed. The bill being proposed, which would encourage private homeowners to do rentals, is an example of policy that we look forward to. It is also an example of what we need for this island and you are correct in making...it costs the County \$300,000 on a low-end and two (2) years to build a unit from land to permitting and all of that, where we could shift some of those opportunities to the public and lose about \$20,000 to \$30,000 in subsidies. The Return On Investment (ROI) for that is another unit. What costs the County \$30,000 in fees and exemptions, we get a unit, but if we were to build it, leverage it, and finance it, it is \$300,000.

Councilmember Hooser: Thank you. Along the same lines, it is my understanding that there is a large number of zoned, but undeveloped residential lots in this district, Līhu'e, particularly, but all over the island. Have there been any thoughts or meetings with landowners? Even if some of those are not technically in the affordable range, if they are located in areas where local residents generally live, as opposed to resort areas, it would seem like even adding on \$400,000 houses would increase the inventory. Is there any outreach to those private landowners and developers to say, "What do we need to do to encourage you, either incentive or disincentive, to build and develop those properties that you are just sitting on?"

Mr. Mackler: We have not had meetings recently on that, but we have met in the past with representatives of Grove Farm, looking at land that we might be able to purchase in Līhu'e. We have an agreement called the "Līhu'e-Hanamā'ulu Affordable Housing Agreement" which covers much of those lands that I think you are referring to, which are along Ahukini Road; the old Amfac lands that were purchased years ago, which are zoned residential largely. We want to find something else in Līhu'e to

acquire if something else could be made available for the County to acquire and develop for affordable housing. For all of those lands that are part of the agreement that I referenced, overall there is a thirty percent (30%) affordable housing condition with the development of all of those lands. As we mentioned earlier in our presentation, we really cannot control the timing of that when those lands are developed, but the agreement is in place to have more affordable housing delivery in Lihū'e.

Councilmember Hooser: Thank you very much.

Committee Chair Kaneshiro: We do have KEO available for questions if anyone has questions for KEO. You can think of a few if you have. Councilmember Chock.

Councilmember Chock: I just had a question on housing programs budget, the uncollectible grants for \$65,000. I was wondering if you might be able to expand on the explanation.

Mr. Mackler: I can give you a little information on that. It is called "Project Ho'omalū" and went back into the archives to research this. In 1998, the State Civil Defense asked the counties to assist in developing a comprehensive public awareness program to harden homes to mitigate loss from natural disasters. This was a FEMA driven project. In response, then Mayor Kusaka decided to establish a resource learning center for homeowners who could do more to harden their homes to weather the storms. The County actually acquired land from the State Department of Transportation. We call it the "triangle piece," which is where the Department of Water is now building their new administrative building. What we were going to do is put a demonstration project there, Project Ho'omalū, along with a commercial kitchen. We, the Housing Agency, started to permit, and go through environmental review and site design with the consultant. Ultimately, we had to terminate the project, and that was because we were not going to be able to meet FEMA's grant closeout deadlines. There were some questionable matching concerns after construction, whether it would be able to provide the adequate match for the FEMA dollars and we also lost a project coordinator from our agency. Civil Defense concurred with the decision to terminate, but we sought reimbursement of direct cost totaling approximately \$67,000. Those moneys were not released initially because Civil Defense...there was another project going on in the County called the "Hardening of Essential Facilities Project," which was for the emergency operating center, which the Department of Public Works was receiving FEMA grant dollars. Ultimately, the funds were released to the County, \$1.32 million by State Civil Defense. Those funds were transferred to the County; however internally, the \$67,000 that we requested to reimburse us for our direct costs was never internally transferred to the Housing Agency. So we have been carrying this receivable for a long time.

Committee Chair Kaneshiro: Any further questions from Councilmembers? If it is on KEO, I am just going to ask that we keep the questions to the temporary homeless shelter money because I know they offer other programs there, but try to keep the questions towards the money that we are providing for them. Councilmember Yukimura. Are you ready?

Councilmember Yukimura: Are we on any part of the line budget?

Committee Chair Kaneshiro: We are on any part of the line budget for administration.

Councilmember Yukimura: Okay, so we will take up the various funds later?

Committee Chair Kaneshiro: Correct.

Councilmember Yukimura: This is related to the narratives, but ultimately to the line item. Where you talk about the Housing Agency's primary goals, your first one is "preserve tenant-based rent subsidies under Section 8 Housing Choice Voucher Program," which I totally agree with. Is it not your goal also to increase the rents if we can—I mean not the rents, but increase the vouchers?

Ms. Fu: Yes. With the Housing Choice Voucher program, we do have available vouchers that we could increase. The concern we run into is having a high lease-up rate. The amount of vouchers or the amount of subsidy we give out, we need to be able to lease-up and find a home or we are at risk of losing that money the following fiscal year. For example, if we have \$6,000,000 of housing subsidy, we need to use all \$6,000,000, and any deficit, say for example, \$100,000 we do not spend, the following year they say...we were at risk of losing \$200,000, double that amount. Part of our challenge has been available units or open units for our participants to rent into and we have also seen some challenges with the fair market value of what the voucher allows for, which the voucher is less than what a landlord would get on the open market, so they would naturally rent to someone who can pay the higher rent. We are currently challenging HUD's data on that to see if we can get a higher fair market value for our rent vouchers.

Councilmember Yukimura: There is no problem with the need and I know we discussed this earlier in the year and asked to see it in this year's budget. If we can find another source of income to increase the vouchers...even if we fall short, we are falling short at the level that HUD...the \$6,000,000...we would not have the risk and we would be addressing more of the housing need. But you are saying that the limiting factor to that is the number of units that are available to rent under HUD.

Ms. Fu: That is part of the reasoning, but we did include some of that money you talk about for funding where we can use County money to leverage some of the federal...

Councilmember Yukimura: Where is that in the budget?

Mr. Mackler: I think what Kanani is referring to is the 2016 HOME activities where we have identified a little over \$300,000 to use for what is called "tenant-based rental assistance," and it is really much like a Section 8 voucher. It would be administered by our Section 8 Division. Those would bring an additional thirteen (13) to fifteen (15) vouchers that we plan to target to help homeless families with children to assist them in finding a housing solution.

Councilmember Yukimura: Where is that in the budget?

Mr. Mackler: It is in our HOME budget. We have a separate budget for the HOME Investment Partnership Program. Several weeks ago, our resolution for the appropriation of those funds was before the Council for approval, which you have approved.

Councilmember Yukimura: Okay. Would that be in your HOME Investment Partnership Program, pages 10 and 11 of your supplement? You have quite a bit that is uncommitted.

Mr. Mackler: The reason it is shown as “uncommitted” is because we have not yet gone through the process with the Hawai‘i Housing Finance and Development Corporation to commit those dollars. They are in the State’s action plan for us. They are identified in the State’s plan because we provided them with that activity, along with Koa’e and ‘Ele‘ele Phase II. They will be utilized through the HOME budget revenue.

Councilmember Yukimura: There is \$300,000 set aside for tenant-based rentals that will be focused on vouchers for homeless families with children.

Mr. Mackler: Yes.

Councilmember Yukimura: I just want to know where in the budget that is.

Mr. Mackler: It is in the HOME grant.

Councilmember Yukimura: Which line item?

Mr. Mackler: It is not specifically broken out, Councilmember Yukimura, in the budget.

Councilmember Yukimura: Okay, but which line item will it come from?

Mr. Mackler: It will come from the HOME grant. Where you look at source of revenue, there is \$2.85 million.

Councilmember Yukimura: Right. Is that something that to HUD gives us a chance to increase our HUD allocation?

Mr. Mackler: Yes. Let me correct myself. It will come from the “HOME Uncommitted Grant Funds” line item. It is the second line on that budget page.

Councilmember Yukimura: The \$808,000?

Mr. Mackler: Yes, \$809,000, because from that amount, \$500,000 of that has since been committed for the Kaniko'o Phase II project in the balance, which \$309,000 will be utilized for the tenant-based rental assistance.

Councilmember Yukimura: Okay. That sounds like a good plan to try to increase our vouchers. So then the limiting factor is units, but I think, Gary, you mentioned once that we are going to try to make some of our housing project voucher...

Ms. Fu: Project-based vouchers.

Councilmember Yukimura: Project-based vouchers?

Mr. Mackler: Yes, we are. In fact, the first project we expect to be able to do that is with Koa'e, the project in Po'ipū.

Councilmember Yukimura: That will ensure that we have a lot of units to apply our vouchers to, right?

Ms. Fu: Up to twenty-five percent (25%) of a project can be project-based.

Councilmember Yukimura: Is that a HUD rule?

Mr. Mackler: It is a HUD rule and one of the advantages of project-basing is that it will allow us to serve more extremely low-income households, thirty percent (30%) and below, because the project-based subsidy makes up the rent "shortfall," if I can call it that, and it will allot for the operation of the project. It helps you reach down to a lower target.

Councilmember Yukimura: Good. I do not know if you would alter your goal in any way to preserve an increase. I think that is a goal, actually, which I am so glad that you folks are already working on that. Thank you.

Committee Chair Kaneshiro: Any further questions? Councilmember Yukimura.

Councilmember Yukimura: May I suggest that you include a self-sufficiency goal in helping our families become more self-sufficient? I think that is one of the best things you can do and it will help people transition from rentals to homeownership hopefully, and just teaching them the skills to be financially smart. That would be great. I think you are already doing it, but to articulate it would show us that is one of your targets.

Mr. Mackler: Yes.

Committee Chair Kaneshiro: Any further questions? If you want to, we can move on. You have a question? Councilmember Kualii.

Councilmember Kualii: On position 9538, vacant just since March 1, 2016. The intent is to recruit and hire and you anticipate that happening within the next couple of months for start on July 1st.

Ms. Fu: Yes.

Councilmember Kualii: Then the only other two (2) positions that is General Fund is 9537, Planner 5, vacant since December 1, 2013. It was dollar-funded last year and will be dollar-funded again.

Ms. Fu: Yes.

Councilmember Kualii: Position 9534 Housing Technician. Is that a General Fund position as well? It was vacant since July 1, 2015 and was dollar-funded last year and is proposed to be dollar-funded for this coming year.

Ms. Fu: Yes.

Councilmember Kualii: So I am just assuming that on the budget where it stops having dollars in the column, those positions are from other funds, and then in your spreadsheet or your additional worksheets, that is showing the proposed funding for the new fiscal year?

Ms. Fu: Councilmember, are you referring to page 257 where the numbers do not line up...there are numbers...

Councilmember Kualii: Yes. It ends up being blank. Just starting with position 9563, Public Housing and Development Program Specialist I.

Ms. Fu: Yes. The allocation for those salaries is located on page 1 of the attachment. We used several funds to fund different positions. It was located towards the end of the budgets.

Councilmember Kualii: Okay, when you say attachment, to which report? You gave us this, right?

Ms. Fu: Yes, that right there. It is included in our budget narrative.

Councilmember Kualii: But it is also in...

Councilmember Yukimura: It was also in your line item budget I think.

Ms. Fu: Yes, it is in our line item budget as well.

Councilmember Yukimura: Page 1.

Councilmember Kualii: Is this something you just create for us for budget?

Ms. Fu: And for us, but we use it because we have several different...we are unique in the sense where we have ten (10) different accounts that we fund our staff with.

Councilmember Kualii: But funding of the positions, the biggest two (2) columns is General Fund and Section 8?

Ms. Fu: Yes.

Councilmember Kualii: But Section 8 is all the way at the end and it is hard to line them up.

Ms. Fu: Oh okay.

Councilmember Kualii: So you have these others grouped together as "Housing and Community Development Division" and are those six (6) columns?

Ms. Fu: Yes.

Councilmember Kualii: What is "NSP?"

Ms. Fu: "Neighborhood Stabilization Program." It is a federal grant that we have received funding for in the past, but it has since dried up.

Councilmember Kualii: So how long ago?

Ms. Fu: Excuse me?

Councilmember Kualii: I did notice that there is one (1) position, position 9542, Public Housing and Development Program Specialist II, \$58,439 and comes out of the General Fund; a dollar comes out of the Stabilization Program. Is that in anticipation of maybe getting more in the future?

Ms. Fu: Yes.

Councilmember Kualii: Are we applying for anything in the coming year?

Ms. Fu: The funding becomes available as federal funds are released. In this particular case, I believe it was allocated a few years ago and we have since used it and it has not been an item refunded on the congressional level.

Councilmember Kualii: Okay. The last one, there is a position 9548, Public Housing and Development Program Specialist III, I believe. It is showing up on the

New Hire Report on March 16, 2016. I cannot find it in the budget. From the New Hire Report, I see a salary range, but I do not see where it is actually budgeted for in the budget.

Ms. Fu: Position 9548 is being budgeted in the Section 8 Rental Assistance Division Budget.

Councilmember Kualii: Do you know how this bottom section without numbers...a lot of it is Section 8, right?

Ms. Fu: Yes.

Councilmember Kualii: But there is no 9548 here. Am I just missing it? I looked on the other pages as well where there are a couple of positions under Housing Programs, 9532 and 9563, Housing and Development Program Specialist IV and Specialist I, and then 9532 and 9563, also Specialist IV and Specialist I. I do not see 9548 anywhere.

Ms. Fu: Yes.

Councilmember Kualii: But it is a position that you hired on or did Human Resources get it wrong? Is it another number?

Ms. Fu: 9548 is under our Section 8, but I do not see it in our worksheet because I do not see...what we have available, the Section 8 worksheet is not attached, so you would not see that. You would have to look at the page 1 attachment that we provided.

Councilmember Kualii: Okay.

Ms. Fu: So if we just go all the way across to the right column, 9548, it is one hundred percent (100%) funded by the Section 8.

Councilmember Kualii: So this \$65,736?

Ms. Fu: Yes. There is no worksheet. I do not see a worksheet that refers to the Section 8...

Councilmember Kualii: So like a lot of those positions, they are one hundred percent (100%) paid by Section 8?

Ms. Fu: Yes.

Councilmember Kualii: So those are all federal funds, right?

Ms. Fu: Yes.

Councilmember Kualii: In the budget, it is going to be listed with all of these other positions that have no dollars, but it has two (2) asterisks that say "one hundred percent (100%) fully funded by..."

Ms. Fu: Yes, and it is missing from this worksheet.

Councilmember Kualii: Okay. Is that the amount there? \$67,000?

Ms. Fu: Yes.

Councilmember Kualii: Okay. Thank you.

Committee Chair Kaneshiro: Any further questions on the line items?

Councilmember Yukimura: Is this all line items?

Committee Chair Kaneshiro: We are just on this initial section. We are going to move to the Housing and Community Development Fund Expenditures next. If we have any KEO questions, I would like to get them all asked now also so that they do not need to stick around the whole time. Councilmember Yukimura.

Councilmember Yukimura: Where are the KEO moneys? Is that under HOME or CDBG?

Committee Chair Kaneshiro: Page 258. Top of the page, \$73,226.

Councilmember Yukimura: \$73,226, but there are additional moneys, right? From the State, I believe.

Ms. Fu: That is a separate contract. The State money that KEO is receiving is separate from our County scope of services.

Councilmember Yukimura: So you are putting moneys together in order to create this program or two (2) programs, right?

Ms. Fu: The moneys were put towards KEO where the County money will be used to expand night services, as well as facilitate/purchase equipment like more cots, as well as locker storage. The grant-in-aid money received from the State will primarily be used to expand KEO and open daytime services.

Councilmember Yukimura: So the expand night services is just this \$73,000?

Ms. Fu: No, it is more.

Councilmember Yukimura: But it includes this \$73,000?

Ms. Fu: Yes.

Councilmember Yukimura: And that is General Fund money?

Ms. Fu: Yes.

Councilmember Yukimura: So what are the other amounts that we are getting from other jurisdictions or budgets?

Mr. Mackler: Part of the funding that we wanted to use for the rest of this current fiscal year will be coming from the Community Development Block Grant program. You may recall in the resolution that it was approved for the 2016 CDBG Action Plan. There is what is called "pre-award." We do not have the funds under grant agreement yet with HUD, but we have designated this project for pre-award so that usually in August of each year after we sign our agreements, we will be able to use some of the CDBG money to reimburse the funds that are advanced to get the project started earlier.

Councilmember Yukimura: So what is the total project cost for expanding night services?

Ms. Fu: The total project costs are going to be \$239,228.

Councilmember Yukimura: That is for a period of?

Ms. Fu: Eighteen (18) months.

Councilmember Yukimura: Okay. The grant-in-aid comes from the State and that is going to be for the day services.

Ms. Fu: Yes.

Councilmember Yukimura: For not just those staying at the shelter, but for any homeless person that needs support and services?

Ms. Fu: Yes.

Councilmember Yukimura: And that amount is?

Ms. Fu: We have a representative who could tell you that information. We do not have that available.

Councilmember Yukimura: Can we have that person up?

Committee Chair Kaneshiro: Yes, but I do not want to spend too much time on how much the State is giving KEO. I want to concentrate more on what we are giving KEO and for the services that they are getting.

Councilmember Yukimura: I just want to know what the total program goal is. I am concerned about what happens after eighteen (18) months.

Mr. Mackler: We were just informed that the grant-in-aid is \$146,000 for the days.

Councilmember Yukimura: Okay. For how long?

Mr. Mackler: Twelve (12) months.

Councilmember Yukimura: Okay. What are the target goals of this program, in terms of impact on homelessness?

Ms. Fu: We have representatives here to share that with you.

Councilmember Yukimura: Okay. Could we have the KEO representatives come forward?

Committee Chair Kaneshiro: Yes.

STEPHANIE FERNANDES: Good afternoon, Councilmembers. My name is Stephanie Fernandes. I am the Homeless/Housing Programs Director for KEO. We are excited to be able to provide an additional nineteen (19) to twenty (20) beds every night for the homeless who are on our island. When we opened in 2007, we had an occupancy cap of a total of thirty-nine (39) people to occupy Manaolana Emergency Shelter and transitional housing program. Nineteen (19) people per night at the shelter and twenty (20) people total to occupy eight (8), one (1) bedroom apartments in the transitional housing units. Since April 1st, we have taken up to twenty-seven (27) people per night at the shelter. We are in the process of going through a purchase order to purchase more lockers and beds. For now, we are lucky enough to have some extra vinyl mattresses that the homeless use anyway and they bring their sleeping bags, and some families that I see also bring in futons from their cars. We provide dinner meals in the evening and we have been so lucky to have members of different church groups and community organizations that volunteer. Right now, we have about fifteen (15) days out of the thirty (30) days a month where volunteers will come and provide dinner meals for our homeless at the shelter. I have two (2) regular staff and a half-time shelter director. With the additional people that we are going to be taking, we asked for a little bit more money for salaries and fringe to be able to hire additional staff. What we are looking at are at least two (2) people per shift. Our shift runs at 5:00 p.m. every day when we open the shelter, until 1:00 a.m., and then another shift starts at 1:00 a.m. until 7:00 a.m. when we close the shelter.

Councilmember Yukimura: So the plans are to run the new beds like the existing ones, which you close the shelter in the morning at 7:00 a.m. so people have to leave.

Ms. Fernandes: Yes.

Councilmember Yukimura: What is your average length of stay and how many are getting out of homelessness? To what extent is your homeless shelter a transition to something more permanent?

Ms. Fernandes: As our staff works with our families and individuals on an individual service plan that addresses their short-term goals that address housing, future housing, employment, and other needs, I want to say that as of July 31st, which is the end of our State fiscal year, our Manaolana Shelter was able to assist a total of two hundred forty-nine (249) people, which also includes thirty-three (33) homeless families.

Councilmember Yukimura: This two hundred forty-nine (249) people in what period of time?

Ms. Fernandes: From August 1, 2014 through July 31, 2015.

Councilmember Yukimura: Okay, so for one (1) year.

Ms. Fernandes: Yes, one (1) year. Currently, in our new contract year as of August 2015, we have been able to place a total of fifty (50) of those who came to the shelter, specifically at the shelter, into our transitional housing vacant units. The vacant units occurred because many of our families were lucky enough to get their HUD voucher and find private rental housing or were offered public housing units, so they moved out that way. So those that exited into public housing...there were approximately thirty (30) people so far.

Councilmember Yukimura: That is of the fifty (50)?

Ms. Fernandes: Yes.

Councilmember Yukimura: So you are actually getting people out of homelessness, about twenty-five percent (25%) of the people who go through your homeless shelter...a little less than that I guess.

Ms. Fernandes: It is a two (2) year program, so for twenty-four (24) months they are working to budget their money and learning how to manage their money, get better paying jobs, and look for housing.

Councilmember Yukimura: Okay. Do you track the other two hundred (200) people that do not get into transitional or permanent housing? What happens to them?

Ms. Fernandes: Honestly, some of them go back to the streets and some move away back to the mainland or to other islands for other opportunities.

Councilmember Yukimura: Okay. What is the need versus the numbers we are helping?

Ms. Fernandes: The need is for permanent housing. I see we are moving into that direction, but as was brought up before, it is the housing inventory that we do not have. We can get rent moneys to assist with security deposits to help people move into housing or with some rent subsidy to help keep them into housing so they can stabilize and hopefully be able to become more self-sufficient. If you do not have the housing units available, it is very difficult for people.

Councilmember Yukimura: What is it that the Housing Study said we need? One thousand three hundred (1,300) new units needed by 2016, which is this year. Is the homeless factored into this number?

Ms. Fernandes: I do not know if they are factored into that number. I do know that there is at least a two (2) to three (3) year waitlist for public housing, as well as any of the low to moderate income affordable housing that we have on the island.

Councilmember Yukimura: A two (2) to three (3) year waitlist for public housing, which is the State housing.

Ms. Fernandes: Yes, that is State housing. Also, for the low to moderate income housing that we have like Kālepa Village, Līhu'e Court Townhomes, Pa'anau, and Hale 'Ohana.

Councilmember Yukimura: Okay. Thank you.

Committee Chair Kaneshiro: Any further questions for KEO? If not, I am going to let them go so they can get back to their good work that they have been doing.

Councilmember Yukimura: Yes, it is good work.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: What is the plan after eighteen (18) months?

Ms. Fernandes: We had State money to...not State money...excuse me...County money to run what we called our "Homeless Barriers Removal Program" and those are services that we are incorporating into our day center and it really helped with providing classes and pre-employment, helping people with job resumes, more hand-holding, looking for jobs on the computers, helping with transportation whether it would be bus passes or gas cards, and assisting with childcare. Child Care Connection does not kick in unless both parents are working, so our tuition subsidy helps parents to be able to look for jobs, and yet have childcare for their little ones. We are looking at always applying for grants from other sources to continue our programs. It is not only focused on the employment help, but it is also the housing help.

Councilmember Yukimura: Okay. I think the job market now is so tight that there should be more opportunities than previously if people can get the support.

Ms. Fernandes: I agree.

Councilmember Yukimura: So I guess it is timely that you are going to have some of these day services and I trust that is your continuum of care group that is going to be working from a lot of different angles.

Ms. Fernandes: Yes, they will be providing what we call our "Wraparound Services," so if it is somebody from the Mental Health Department or somebody from a substance abuse program, having them come in and actually be a part of a team.

Councilmember Yukimura: Are you targeting a certain number to help with this \$146,000? Do you have a projected number that you want to...

Ms. Fernandes: For the day program?

Councilmember Yukimura: Yes.

Ms. Fernandes: I have my work plan set for one hundred (100) people.

Councilmember Yukimura: So you are going to service one hundred (100) people?

Ms. Fernandes: Actually, we are going to do our assessments and our intake on one hundred (100) people, and then of the one hundred (100), I believe it is about seventy-five (75) that will be in our employment life skills training program. There are also another number of people that we are targeting to be in our ready to rent training classes.

Councilmember Yukimura: Okay. You are going to file a report afterwards, right?

Ms. Fernandes: Yes.

Councilmember Yukimura: Okay. Thank you.

Ms. Fernandes: You are welcome.

Committee Chair Kaneshiro: Thank you again for making the time to come here. Back to the budget, we are going to move on to the Housing and Community Development Fund expenditures on page 344. If you just keep going through our budget, it is the very next section. It goes from page 259, directly to page 334. Any questions for any of these line items? Councilmember Yukimura.

Councilmember Yukimura: What is the special request of \$177,000?

Committee Chair Kaneshiro: Special Projects on page 334.

Councilmember Yukimura: Yes.

Ms. Fu: Okay, so page 335, Special Projects—if we turn over to page 5 of our attachment, it is broken down there. It is funding for our miscellaneous project costs and it is for funding for our Courtyards Feasibility Study.

Councilmember Yukimura: \$177,000?

Committee Chair Kaneshiro: So it is at the very end of our budget.

Councilmember Yukimura: Right. So your Courtyard Feasibility is \$50,000 of that?

Ms. Fu: Yes, and then miscellaneous project costs—‘Ele‘ele-Lima Ola LUC consultants and ‘Ele‘ele-Lima Ola Entitlements.

Councilmember Yukimura: Your miscellaneous project cost, \$67,000?

Ms. Fu: We intend to use that for our scatter lots project, which is looking at Residentially-zoned State parcels that are available for us to acquire through an Executive Order and build/lease home single-family units on it. We are currently in the process of conducting due diligence on fourteen (14) parcels as of right now, so we used some of those moneys for the initial costs of conducting studies and surveys that are required by the State.

Councilmember Yukimura: So the State still has those lands or were they turned over to the County?

Ms. Fu: The fourteen (14) lots that I speak of are still under the State’s jurisdiction. We were granted a right-of-entry permit. It was a lengthy process. We had to do boundary surveys. We are in the process of conducting or completing the Archaeology Inventory Survey (AIS), which requires us to go through the Burial Council because some *iwi* have been found on a couple of the parcels and that meeting is scheduled to be held in May.

Councilmember Yukimura: Are these scattered island wide?

Ms. Fu: Yes. We have some parcels located in Kapa‘a, Wailua Houselots, Hanapēpē, and Waimea. The Department of Land and Natural Resources (DLNR) has an inventory of many vacant lots available and we have kind of looked at “lower-hanging fruit” and started with a manageable number, fourteen (14), and that had low requirements, as far as the State wanting us to do preliminary studies, so the most inexpensive lots. Our intent is to acquire these through an Executive Order and hopefully work with a nonprofit to develop leasehold.

Councilmember Yukimura: Are they far out from regular residential areas or are they part of regular residential areas?

Ms. Fu: They are part of existing residential areas.

Mr. Mackler: Yes, it is infill.

Ms. Fu: Yes.

Councilmember Yukimura: Good. So the intention is to first check if they are feasible in terms of water, sewer, and electrical, et cetera?

Ms. Fu: The fourteen (14) that have been identified are feasible. Before the Executive Order is completed, the State is requiring us to conduct...we needed to complete boundary map surveys and we needed to complete AIS on several of the properties. So that is what we are going through right now.

Committee Chair Kaneshiro: You have a follow-up. Councilmember Hooser.

Councilmember Hooser: Are some of these properties by the ocean?

Ms. Fu: Yes, they are.

Councilmember Hooser: And they are going to be developed for affordable housing?

Ms. Fu: Yes.

Councilmember Hooser: Have you considered swapping? I am assuming that the oceanfront properties are very expensive and I am also assuming that you can find other properties less expensive that could be swapped or sell one to buy another or something like that? It just strikes me as a little...it just throws me off thinking that we are going to be investing on oceanfront homes for affordable housing—not that they do not deserve it, but at the same time, it is about the proper use of the resource, if not for a park or something.

Ms. Fu: The property is being made available through the State and it is the State's request and priority to do residential housing on them. These parcels...there are several parties or people and organizations interested. The DLNR has made it, again, their priority for residential housing, which the Housing Agency had the first opportunity to utilize these parcels. Except for the cost of going through the due diligence, we will get it at no cost from the State.

Councilmember Hooser: Is there an opportunity to maximize the use in other ways to retain...not to give up on the housing, but to convert to parks? Again, I imagine those lots...a lot on the ocean...I believe I know where it is at in the Kapa'a area along the park there...there are million dollar homes there. It just seems like...

Ms. Fu: There are a couple of million dollar homes, but the State also has some leases with some long-time home residents as well that are located there. It would be a mix of both high-end homes, as well as current Kaua'i residents that have resided there since 1960.

Councilmember Hooser: I just think if you could get six (6) homes for one (1) home, you might be able to leverage those lots into benefitting more people. I guess at the end of the day, that is it.

Mr. Mackler: They are not available to us for sale. Alienating those lots is not an option for us. Basically, you can utilize these lands if you meet all of the set-aside requirements of DLNR to get the Executive Order and it has been made very clear to us that the only use is for residential. We are just looking for opportunities to try to bring some infill housing, long-term leasehold properties for those who need affordable housing.

Councilmember Hooser: Okay. Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: These houses are going to be leasehold, so they will not be allowed for resale for speculation purposes, right?

Mr. Mackler: No.

Councilmember Yukimura: Okay. Have you thought about where it is appropriate in putting duplexes?

Ms. Fu: There are only two (2) that could have the density for the duplexes and that is something we are considering because of the lot size, where the other parcels only one (1) unit would be allowable.

Councilmember Yukimura: If we are thinking about maximizing the resources, yes. Thank you.

Committee Chair Kaneshiro: Councilmember Hooser.

Councilmember Hooser: Do we have legal authority over density? Could we make it suitable for duplex or other maximizing density mechanisms? It is just a thought. We do control land use and if it was a matter of a variance or a use permit or whatever might be needed, it might be worth it to squeeze a little bit more out of those lands. Just for full disclosure, my wife and I have a small property on that road; not on the beach, it is not a million dollar house. But it is a two (2) bedroom rental. We were renting it at affordable rates until the rules changed on us just recently. There might be ways to maximize it.

Ms. Fu: Yes. We are limited on certain parcels because of the size because it is fairly small. But the ones that have a larger size, we have explored duplexes. Some limitations are... a particular property I am thinking of is a water tank is located within one thousand (1,000) yards, so it is limited due to Department of Health limitations. As I mentioned earlier, there are many parcels that we can explore and that was part of something we can do to address maybe the eastside area where DLNR has many unused residential parcels. We were just taking, again, the "lowest-hanging fruit" and trying to model a program or create a program, so starting with fourteen (14) lots. When we become successful with this, we can then go back and ask for different lots. There are a variety of lots that exist. Some have Commercial-zoning and Residential-zoning. They have all been offered, but this is what we are taking for the time being –or, considering.

Councilmember Hooser: I have to think that if I was lucky enough to get a low-income affordable home on the ocean, you would never get me out of it, probably. What is the process for determining who is the fortunate people to get those homes?

Ms. Fu: That process has not been decided and it would be up to how we finance the construction of the home.

Councilmember Hooser: Thank you.

Committee Chair Kaneshiro: Any further questions? We are still on the Housing and Community Development Fund. I have a question. Where do we get our money for that fund from?

Mr. Mackler: Well, the source of revenue is from...it is program income that is coming back to us from Disaster Home Investment Partnership Program funds. These were supplemental grants that we received after Hurricane Iniki and we loaned part of that grant allocation for homebuyer loans and other site development loans. Really, now it is based principally on the repayment of homebuyer loans. It has been dwindling over the years; we see it getting smaller, but we still have some stream of revenue from it.

Committee Chair Kaneshiro: Okay. Councilmember Yukimura.

Councilmember Yukimura: So for the homebuyer loan program, do you have a report on that? How many loans do we give out? Are we not giving out loans anymore? Are we just receiving the...

Mr. Mackler: We are still giving out loans. We program money in this budget for a homebuyer loan program because the money is unrestricted to household income and there are times when we need to go higher, about eighty percent (80%), which is where our HOME and CDBG grants limit us. We like to carry some money in this budget when those opportunities come along for someone at one hundred percent (100%) or one hundred ten percent (110%), for example, for helping them with a gap loan, typically, to buy.

Councilmember Yukimura: Is there a report maybe in your annual report that tells us or the reader how many loans are made out, what the average loan is, and the payback fidelity? We are pretty much getting all of our money back, I would imagine.

Mr. Mackler: Yes, we are. We could give you a historic recap of our homebuyer loan activity if you would like that. We do keep that data. I do not think it was itemized in our presentation, but we do monitor or track it.

Councilmember Yukimura: That homebuyer program has been in existence for twenty (20) years now, right?

Mr. Mackler: Established in 1996 by our former executive, Ken Rainforth, and it is still active today. We are not doing nearly as many loans as we were because of where the price of housing is on the island, but we still have some opportunities.

Councilmember Yukimura: That came out of the original \$40,000,000?

Mr. Mackler: The program was started by the Housing Agency.

Councilmember Yukimura: Right, but the moneys used?

Mr. Mackler: We used a combination of disaster funds and regular HOME funds and CDBG funds. We have multiple sources of mortgage financing that we used and continue to use along the way. We still have CDBG funds that are available for mortgage financing, along with some of these other pockets of money. The activity level is not as high as it once was for that program.

Councilmember Yukimura: Is this income-based? It is not just anybody who can access these loans, right?

Mr. Mackler: It is tied to the grant limits. CDBG and HOME are limited to eighty percent (80%) of median, eighty percent (80%) and below. Those are restricted. As I mentioned, that is why we have some money in this HCDRF budget because it is unrestricted and we can go up higher when we need to. We can serve a higher income household when it is necessary to help them, where we cannot with CDBG and HOME because of the limits.

Councilmember Yukimura: When you help a higher group, it is still within the range of affordability that we define in the statute, right?

Mr. Mackler: Absolutely.

Councilmember Yukimura: Okay. Thank you.

Committee Chair Kaneshiro: If we have no further questions, we are going to move on. We are on page 354. This is the Housing Development Fund. There are only two (2) items in here and we might have gone over it before, but what is the \$75,000

maintenance expense for? Ours is on page 354. I am not sure where it is on the back page.

Mr. Mackler: That is kind of a catch-all on miscellaneous. When we repurchase a home, we do have some carrying costs and sometimes we have to maintain the yard, for example. Sometimes we have repairs that need to be made before the units can be resold. So we do need some source of funding available to us to incur those costs.

Committee Chair Kaneshiro: Okay. Any other questions for this fund? We touched on the \$500,000.

Councilmember Yukimura: What was that? I am sorry.

Committee Chair Kaneshiro: What was that project? Kaniko'o.

Mr. Mackler: Actually, no that is not coming from this budget; it is coming from the HOME program budget for Kaniko'o.

Committee Chair Kaneshiro: Oh.

Mr. Mackler: This is basically a buyback fund that we used to repurchase homes that are through our buyback restriction, and then resell.

Committee Chair Kaneshiro: That is the fund we see a few houses come through every year.

Mr. Mackler: Yes, but it is random. We do not know when that is going to actually happen, but we need to have some resource there, too, to have funding to buyback when it is appropriate and needed.

Councilmember Yukimura: So we are talking about the \$500,000 line item? That is identified as Special Projects?

Mr. Mackler: That is for the future expense of repurchasing homes through our buyback restriction.

Committee Chair Kaneshiro: We have a tape change, so we will take the ten (10) minutes right now and when we come back, Kālepa and Pa'anau are the last two (2) left.

There being no objections, the meeting recessed at 2:42 p.m.

The meeting reconvened at 2:51 p.m., and proceeded as follows:

Committee Chair Kaneshiro: Welcome back. We are still on Housing. The next section is on Kālepa. Do we have any questions for the Kālepa line items? We are on

page 355. If there are no questions, we will move on to Pa'anau. Any questions for Pa'anau? Councilmember Yukimura.

Councilmember Yukimura: I just wanted to say that I think they are really excellent projects. I just want to make sure that we are making sure that they are sustained into the future as affordable housing inventory, so we are taking care of the maintenance and keeping the rents manageable, but also increasing them gradually over time so that we do not have to hit the tenants with a huge increase in one (1) year or two (2) years after a long period of no increase.

Mr. Mackler: That, of course, is our intent to keep these projects sustainable. Right now, we are out to bid for the reroof of all of the buildings at Pa'anau Village. We are about two (2) weeks away from receiving our bids. We have also programmed for next year some funding for the parking lot. We are going to reseal the parking lot, restripe it, and replace some aging playground equipment. We have reserved budgets for both of our rental projects that we update annually. We review, go out, site inspect, and talk with our managers and their maintenance staff to make sure that the things that need to be attended to are being attended to, and to put money in the budget annually to address those concerns. On the rental side, for Pa'anau Village we have not increased rents there for seven (7) years, although we are planning to do a modest increase later this year of five percent (5%).

Councilmember Yukimura: So we are staying within thirty percent (30%) of their household income so they are manageable, but they do not get extraordinarily low compared to the market?

Mr. Mackler: We are. In fact, in looking at our rent structure historically, we have been between sixty percent (60%) and seventy percent (70%) of what we could charge as far as the limits to that. We have actually been significantly below what we actually could charge as a maximum rent at thirty percent (30%) of income. We are trying to operate these projects responsibly, but without putting in large rent increases. It is working well for both of our rental projects at Kālepa and Pa'anau. Our reserved funding is strong. We are keeping pace with our accumulative needs to address the replacement of major building components over time.

Councilmember Yukimura: The fact that you are replacing the roof is a major maintenance/repair issue. I am a little concerned that we have been seventy percent (70%) below what we could...

Mr. Mackler: We are at seventy percent (70%)...we are about thirty percent (30%) below.

Councilmember Yukimura: I see. Okay. I know that with our bus service, based on what the consultants told us, our fees...our bus fares...there is a ratio that is good to keep and that is why we have been raising our monthly bus pass about every other year or something like that. It gives notice to the bus users where they can plan their budgets so

that it is doable. So we are keeping that delicate balance, which we probably need to do with our golf fees and other fees. But you are doing that?

Mr. Mackler: Yes.

Councilmember Yukimura: Okay. That is very good. Thank you.

Committee Chair Kaneshiro: Any further questions? If not, we are done with Housing.

Councilmember Yukimura: Can I ask one question on the Neighborhood Stabilization Program grant?

Committee Chair Kaneshiro: Yes. Councilmember Yukimura.

Councilmember Yukimura: You have a \$200,000 line item.

Committee Chair Kaneshiro: What page is that?

Councilmember Yukimura: Page 15 of the attachment to the budget. What are those moneys for?

Mr. Mackler: Are you asking about the expenditure on that budget or the revenue? We are still able to use the program income that we are receiving from the Neighborhood Stabilization Program to assist with mortgage financing. Again, it is another source that we can consider utilizing through our homebuyer loan program. The Neighborhood Stabilization Program has a slightly higher income limit. I believe it goes up to one hundred ten percent (110%) of median income. So there is some resource there to allow us to assist a household that is above the eighty percent (80%) limit.

Councilmember Yukimura: Is this an active fund that is being used or is it pretty dormant?

Mr. Mackler: It is kind of reaching the end of its useful life, if you will. We used it originally to buy residential properties and made loans with the grant. The program income is streaming in, but it is not a lot, so it is starting to reach its end.

Councilmember Yukimura: Yes, \$200,000 would not go very far, I suppose.

Mr. Mackler: It could help maybe with a couple of gap loans, possibly, which are usually up to \$90,000 or less.

Councilmember Yukimura: So it could really help somebody who is in need of that kind of money. Do you advertise or let people know that this is available?

Mr. Mackler: As you know, we have a homebuyer list, which we work with in administering in our homebuyer loan program. We have households on

that list that range from eighty percent (80%) up to one hundred forty percent (140%), so it is trying to fit the source of funding with the income of the family to see where we might be able to utilize moneys for mortgage financing.

Councilmember Yukimura: Okay. Thank you.

Committee Chair Kaneshiro: Any further questions for Housing? If not, thank you. Congratulations Kanani on your first budget review.

Ms. Fu: Thank you.

Mr. Mackler: Thank you.

Committee Chair Kaneshiro: Next up, we have the Department of Liquor Control. From my understanding, we do not have a presentation for it. If there are any questions for Liquor, then let us get ready. There is not much change to their budget, so I am not expecting many questions, if any. Councilmember Chock.

GERALD RAPOZO, Director of Liquor Control: Good afternoon, Councilmembers. Gerald Rapozo from the Department of Liquor Control.

Councilmember Chock: Good afternoon. Gerald, I only had one question and it was around the "Other Services." You have an increase of \$20,000 and I could not tell which item was increased and I see you have "Website Maintenance," as well as "Compliance Checks." It is on page 298.

Mr. Rapozo: We are going to be budgeting compliance checks this year, which we did not do last year. We were supposed to have a grant through the University of Hawai'i, but that fell through, so we did not do any compliance checks last year. So we included it in our budget and we will be doing compliance checks.

Councilmember Chock: Okay. Thank you.

Committee Chair Kaneshiro: Councilmember Yukimura.

Councilmember Yukimura: That is what I was going to ask when I read about your challenges, so it is great that you have looked ahead to this budget and put something in. When it happens like this current fiscal year and something falls through, can you not amend your budget to make up for the unexpected fall through?

Mr. Rapozo: I guess we could, just the planning to get the compliance checks going, just getting cooperation, getting the minors that we would use. It was always easy using the University of Hawai'i because they would hire the minor decoys. For us here, we will be working to hire our own decoys. My concern was always the safety of those decoys. In the past, they would come from O'ahu and they are not known here.

Councilmember Yukimura: Right.

Mr. Rapozo: My concern is if we use kids from Kaua'i, they are known and the people know where they are from and I always worry about retaliation, so we are going to have to work through that this year.

Councilmember Yukimura: Okay. You find though that those compliance checks do make a difference in terms of people regulating themselves.

Mr. Rapozo: Pretty much. They pretty much police themselves and knowing that the compliance checks is a possibility, it helps on the compliance.

Councilmember Yukimura: Okay. Thank you.

Committee Chair Kaneshiro: Any other questions for Liquor? Councilmember Yukimura.

Councilmember Yukimura: In your chart, performance measures, I do know the difference between inspections and surveillance, but can you elaborate on that a little?

Mr. Rapozo: "Inspections" would be the normal, when the investigators would walk into the premises and conduct inspections. "Surveillance" is when they stake out a retail store and things like that.

Councilmember Yukimura: Okay. So I also notice that in your Fiscal Year 2017 goals and objectives, you have "collaborate with Life's Choices Kaua'i in establishing a training curriculum with the Department of Education related to alcohol abuse and underage drinking."

Mr. Rapozo: Yes. We will be trying to get the education in the schools. Just this past weekend, Investigator Moises was at Kukui Grove...they had a presentation going on. Part of it was the goggles that simulate intoxication. It would be those kinds of programs like working with Life's Choices, getting it out to the public and also in the schools.

Councilmember Yukimura: Because there is an already established program that is highly regarded and shows major drops in alcohol use, marijuana, and others, and it is the "Botvin LifeSkills" program.

Mr. Rapozo: Yes. I believe even Theresa Koki mentioned about that program, but I do not know if they have done it in the past.

Councilmember Yukimura: It was a suggested program that the Department of Education recommended about ten (10) years ago now, but when there was a change in administration, that got dropped. It is like in terms of evidence-based results. It is outstanding nationwide and you do not have to invent a curriculum because it is all there. Instead of kind of reinventing the wheel, drawing on what is already showing to have

dramatic results, dramatic reduction in alcohol and other drug uses, so it might be the way to try, at least, before trying to invent your own curriculum.

Mr. Rapozo: Okay. We will look into that.

Councilmember Yukimura: Okay.

Mr. Rapozo: “Botkin?”

Councilmember Yukimura: “Botvin LifeSkills.” You can “google” that and it will come up right away.

Mr. Rapozo: Okay. Thank you.

Committee Chair Kaneshiro: Councilmember Kualii.

Councilmember Kualii: So the one vacant position 2205, Investigator Trainee, vacant since April 25, 2015—what is the status of recruitment? Do you anticipate filling it before July 1st?

Mr. Rapozo: From what I got from HR, they will be administering the exam sometime this week. This will probably be the fourth go around for the exams. People have not been passing the exams and that is a problem. They are not qualified or when they finally take the exam, they are not passing the exams.

Councilmember Kualii: But they are moving on it this week to try again?

Mr. Rapozo: Sometime this week, yes.

Councilmember Kualii: Okay. Thank you.

Committee Chair Kaneshiro: Any further questions? If there are no further questions, this is the last department on our agenda today. I think we are done for today. Thank you, Gerald. At this time, I would like to recess the departmental budget reviews. We will reconvene at 9:00 a.m. tomorrow, Tuesday, April 12th, where we will hear from the Department of Human Resources, Office of the County Auditor, and Office of the County Clerk. Tomorrow will be our last day for the departmental budget reviews.

There being no objections, the meeting recessed at 3:09 p.m.